VOL 18 No 1 JANUARY 1988

SURVEY of Current Affairs

Government and Administration

Ministerial Changes 3
Recent Legislation 3
Control of Firearms 4
Shorter Notes
Ethnic Minorities in the Civil Service 7;
Changes in Immigration Rules 7

External Affairs and Defence

Single European Market 8
East-West Relations: Washington Summit 9
North Atlantic Treaty Organisation 11
Israel and the Occupied Territories 14
British Emergency Aid to Ethiopia 15

Economic and Scientific Affairs

Local Government Finance 17
Foreign Companies' Views of Britain 18
Airlines and Competition 20
Family Expenditure Survey 22
Shorter Notes
Rate Support Grant 23; Inner Cities 23;
Urban Development Corporations 23;
New British Coins 24; Growth in Venture Capital 24;
Overseas Trade Statistics 24; Distribution of Income 24;
Design Consultancy in Britain 25;
Royal Botanic Gardens: Storm Damage Aid 25;
Research Centre in Superconductivity 26

Social and Cultural Affairs

General Household Survey 27
Human Fertilisation and Embryology 28
Health and Medicines Bill 29
Shorter Notes
Removal of Restrictions on the Employment of Women and Young People 30; Incentive Funding for Public Libraries 31

Documentation 32

Prepared for the Foreign and Commonwealth Office by Reference Services, Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscriptions including postage and index £24

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Ministerial Changes

Owing to ill-health, the Rt Hon The Viscount Whitelaw, Lord President of the Council and Leader of the House of Lords, has tendered his resignation. As a result a number of new ministerial appointments were announced on 10 and 11 January.

New Appointments

The new appointments to the Cabinet are as follows:

Lord President of the Council and Leader of the House of Commons
Rt Hon John Wakeham, MP (former Lord Privy Seal and Leader of the House of Commons)

Lord Privy Seal and Leader of the House of Lords
Rt Hon The Lord Belstead (former Minister of State, Department of the Environment)

Other appointments are:

Department of the Environment
Minister of State
The Earl of Caithness (former Minister of State, Home Office)

Home Office
Minister of State
Rt Hon The Earl Ferrers

In addition to his ministerial post, The Earl Ferrers returns to the Government as Deputy Leader of the House of Lords, a position he held from 1979 to 1983 while Minister of State at the Ministry of Agriculture, Fisheries and Food. The post of Deputy Leader of the House of Lords was occupied by Lord Belstead from 1983 until the receipt of his present appointment.

The Cabinet

Following the new appointments, the composition of the Cabinet is as follows:

Prime Minister, First Lord of the Treasury and Minister for the Civil Service
Rt Hon Margaret Thatcher, FRS, MP

Secretary of State for Foreign and Commonwealth Affairs and Minister of Overseas Development
Rt Hon Sir Geoffrey Howe, QC, MP

Chancellor of the Exchequer
Rt Hon Nigel Lawson, MP

Lord Chancellor
Rt Hon The Lord Mackay of Clashfern

Secretary of State for the Home Department
Rt Hon Douglas Hurd, CBE, MP

Secretary of State for Wales
Rt Hon Peter Walker, MBE, MP

Secretary of State for Defence
Rt Hon George Younger, TD, MP

Secretary of State for Employment
Rt Hon Norman Fowler, MP

Secretary of State for Northern Ireland
Rt Hon Tom King, MP

Secretary of State for the Environment
Rt Hon Nicholas Ridley, MP

Secretary of State for Trade and Industry
Rt Hon The Lord Young of Graffham

Secretary of State for Education and Science
Rt Hon Kenneth Baker, MP

Chancellor of the Duchy of Lancaster and Minister of Trade and Industry
Rt Hon Kenneth Clarke, QC, MP

Minister of Agriculture, Fisheries and Food
Rt Hon John MacGregor, OBE, MP

Secretary of State for Scotland
Rt Hon Malcolm Rifkind, QC, MP

Secretary of State for Transport
Rt Hon Paul Channon, MP

Secretary of State for Social Services
Rt Hon John Moore, MP

Lord President of the Council and Leader of the House of Commons
Rt Hon John Wakeham, MP

Lord Privy Seal and Leader of the House of Lords
Rt Hon The Lord Belstead

Secretary of State for Energy
Rt Hon Cecil Parkinson, MP

Chief Secretary to the Treasury
Rt Hon John Major, MP

Recent Legislation

The following Acts of Parliament were passed between July and December 1987.

Appropriation (No 2) Act 1987. Prescribes how expenditure is appropriated in order to finance specific public services. Royal Assent: 23.7.87. Ch 50, ISBN 0 10 545087 1, HMSO, £1·60.

British Shipbuilders (Borrowing Powers) Act 1987. Raises the financial limits imposed on British Shipbuilders and its wholly-owned subsidiaries by the Aircraft and Shipbuilding Industries Act 1977. Royal Assent: 23.7.87. Ch 52, ISBN 0 10 545287 4, HMSO, 45p.

Channel Tunnel Act 1987 (see pp 235-6, 1986 and 280, 1987). Royal Assent. 23.7 87. Ch 53, ISBN 0 10 545387 0, HMSO, £8·50.

Consolidated Fund (No 2) Act 1987. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 17.11.87. Ch 54, ISBN 0 10 545487 7, HMSO, 45p.

Consolidated Fund (No 3) Act 1987. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 10.12.87. Ch 55, ISBN 0 10 545587 3, 45p.

Finance (No 2) Act 1987 (see p 278, 1987). Royal Assent: 23.7.87. Ch 51, ISBN 545187 8, HMSO, £7·90.

Scottish Development Agency Act 1987. Provides for financial limits on certain activities of the Scottish Development Agency. Royal Assent: 17.12.87. Ch 56, ISBN 0 10 545657 X, HMSO, 45p.

Urban Development Corporations (Financial Limits) Act 1987. Makes fresh provision for limits on sums made available to urban development corporations. Royal Assent: 17.12.87. Ch 57, ISBN 0 10 545787 6, HMSO, 45p.

Control of Firearms

Under proposals published by the Government in a White Paper on 2 December 1987, some categories of firearms and ammunition would become more strictly controlled and the Government would be given the power to designate certain weapons and ammunition as 'prohibited'.

The White Paper[1] follows a review of the 1968 legislation on firearms as part of the preparation for an amnesty for illegally held firearms. Added impetus to this process was given by the tragic events in Hungerford, Berkshire, where on 19 August 1987, 16 people were killed by a single gunman. A number of other incidents subsequently took place showing potential weaknesses in existing controls, and creating a climate of public opinion demanding that the Government should learn all possible lessons and take steps to tighten controls where necessary.

The Government's approach, says the White Paper, has been informed by the need to ensure the safety of the general public from the irresponsible or criminal use of firearms and shotguns and to protect the rights and interests of those who use such weapons in pursuance of their work or their sporting and leisure interests. 'The Government is concerned to accommodate the needs and interests of the legitimate shooting community in so far as this does not compromise the primary concern of ensuring that firearms controls give adequate and effective protection to the community at large.'

The Government believes that wholesale prohibition of firearms is not the answer – except in the case of some especially dangerous types of weapon – since the great majority of firearm and shotgun certificate holders are responsible individuals who pose no threat to public safety. There is a wide range of legitimate reasons for possessing a firearm; the shotgun is a tool of the trade for the farmer or gamekeeper, and competitive target shooting and other sports are legitimate pastimes. 'In formulating its proposals the Government has therefore sought to acknowledge and uphold the right of gun users to pursue their work or chosen sport without imposing unnecessary restrictions on them. But balance must not be mistaken for compromise. In many cases the guns concerned are particularly lethal weapons. The Government must ensure that adequate legislation exists to stop them falling into the wrong hands. Those weapons which are especially dangerous and have limited sporting use should be suitably restricted.'

The Present Law

The main instrument is the Firearms Act 1968, supplemented by the Firearms Act 1982 which is concerned with imitation weapons. The 1968 Act outlines a series of graded controls over the acquisition and possession of various types of firearm.

Automatic weapons such as machine guns and weapons designed for the discharge of noxious substances are prohibited. A special authority – issued only after careful enquiries by the police – is required from the Secretary of State for their manufacture, sale, acquisition or possession. Private individuals are not normally authorised to possess them.

Under Section 1 of the 1968 Act a firearm certificate issued by the chief officer of police is required for the acquisition or possession of rifles, pistols, short-barrelled shotguns and especially dangerous air weapons. The chief officer must be satisfied that an applicant for a certificate has good reason for wanting the weapon and is fit to be entrusted with it, and that public safety or the peace will not be endangered. The certificate contains a description of the weapon or weapons covered by it. Conditions may be attached to the certificate; one of the standard conditions requires weapons and ammunition to be kept in a secure place when not in use. There is a right of appeal to the Crown Court (Sheriff Court in Scotland) against the refusal of a certificate.

A shotgun certificate is required under Section 2 for the acquisition or possession of long-barrelled shotguns (those with a barrel of 24 inches – 607·6 millimetres – or more in length). With the exception of persons who are prohibited from possessing firearms of any kind, a certificate may be refused by a chief officer of police only if he considers that the public safety or the peace would be endangered if he granted it. There is a right of appeal against refusal.

[1] *Firearms Act 1968: Proposals for Reform.* Cm 261. HMSO £2·20. ISBN 0 10 102612 9.

A certificate authorises the possession of an unlimited number of shotguns; there is no condition requiring safekeeping and most shotgun ammunition is not controlled.

Air weapons are not subject to certificate control, with the exception of those classified as especially dangerous; there are, however, restrictions on their possession and use by young people under the age of 17.

The Firearms Act 1968 specifically prohibits the possession of firearms by a person who has been sentenced to any form of custody. This ban is for life if the sentence was three years or more, or for five years if it was between three months and three years.

There are a number of special exemptions from the certificate requirement; the more important ones are that a member of a rifle club or cadet corps approved by the Secretary of State may possess a club firearm, without a certificate, when engaged in target practice or drill as a member. A person running, or using, a miniature rifle range with ·22 rifles may do so without a certificate.

The 1968 Act states that a person who deals in firearms or ammunition by way of trade or business must be registered with the police as a firearms dealer and must keep detailed records of transactions. In general registration can be refused by the chief officer only if he is satisfied that the applicant cannot be permitted to carry on business as a dealer without danger to public safety or the peace. There is a right of appeal against refusal.

Heavy penalties are laid down in the 1968 Act for the criminal use of firearms. Maximum penalties include life imprisonment for possession of a firearm with intent to endanger life or property and for the use of firearms to resist arrest; fourteen years' imprisonment for possession of a firearm while committing a scheduled offence[1] and for carrying a firearm (or an imitation) with intent to commit an indictable offence or resist arrest; and five years' imprisonment for carrying a loaded firearm in a public place.

The Government's Proposals

The main elements of the new proposals are to raise certain types of firearm and ammunition into more strictly controlled categories under the 1968 Act; to give the Secretary of State a power to designate certain weapons and ammunition as 'prohibited'; to prohibit the movement of weapons into a less strictly controlled category by means of conversion; and to improve controls over the possession of shotguns. Other provisions cover rifle clubs and the control over the carriage of firearms to Northern Ireland.

Prohibited Weapons

Strict controls applying to prohibited weapons will be extended to cover self-loading and pump action rifles (other than those chambered for ·22 rimfire) and carbines; burst fire weapons (rifles, carbines and pistols); self-loading or pump action short-barrelled smooth bore guns; and portable rocket launchers, bazookas and mortars.

The White Paper says that self-loading rifles, which are designed primarily for military use, are particularly dangerous and, despite their limited sporting uses, should be prohibited, as should burst-fire weapons for which there are no legitimate sporting or recreational uses outside the military arena. The provision on short-barrelled smooth bore guns would apply to repeating weapons of this sort and is intended to deal with military style shotguns which have a shorter overall length than conventional shotguns and a much greater firing capacity. Lethal weapons such as portable rocket launchers, bazookas and mortars do not fall within the prohibited category by reason of inadequate definition in the 1968 Act and the Government believes that this gap in legislation must be filled. It is also intended to put beyond doubt that devices known as stun guns should be prohibited weapons.

Because new weapons are developed all the time, the Government is proposing to introduce a reserve Order-making power which would enable the Secretary of State to designate any firearm or shotgun as a prohibited weapon if it appeared particularly dangerous, and similarly ammunition.

Converted Weapons

Noting the growing trade in military and other firearms converted from one classification to another, the White Paper points out that in many cases these can be restored to their original condition without the need for any professional skills, a factor particularly worrying in the case of fully automatic weapons (machine guns) converted to single shot firearms. Because of the need for clarity in this area, any firearm which has been deactivated or converted from a higher classification to a lower one will retain its original higher classification.

Section 1 Category Weapons

The Government is proposing that Section 1 controls covering most rifles and handguns should be extended to all pump action and self-loading shotguns of normal length (with a barrel of 24 inches – 607·6 millimetres – or over). Since there are relatively few instances in which a traditional shotgun will not serve as well as a pump action or self-loading weapon, the Government believes that they should come under Section 1 controls. Those who want to hold such weapons will have to satisfy the police that they have a good reason for wishing to do so.

Shotguns

The security of shotguns (see p 4) is to be brought into line with that for Section 1 firearms. In future shotgun owners will be under a statutory obligation to keep their shotguns in a secure place when not in actual use. This proposal is designed to ensure that shotguns are not stolen and subsequently used for criminal purposes.

The Government is proposing that the balance of control should be shifted by requiring the chief officer of police to be satisfied that the applicant is not a person prohibited by the 1968 Act from possessing a shotgun and that the applicant can be permitted to possess a shotgun without danger to the public safety or to the peace. This will give the chief officer discretion to satisfy himself, by means of home inspections, that shotguns are being stored

[1]As set out in Schedule 1 of the 1968 Act.

securely; he will have the power to refuse or revoke a certificate if such security is inadequate.

The chief officer will also be able to refuse to issue or renew a shotgun certificate when satisfied that the applicant does not have a good reason for possessing a shotgun or for purchasing or acquiring one. This is designed to allow the police to look further into an application which they suspect has no good reason behind it, and guidance will be issued on how this new power is to be exercised.

In future shotguns are to be listed by serial number – or by a description where there is no such number – on a shotgun certificate. Anyone applying for a certificate will be obliged to provide the police with these details so that they can be recorded on the certificate. In the event of a shotgun being sold or otherwise transferred, the transferor will be obliged to endorse the details on the recipient's certificate and to notify the police of the transaction; the recipient will also be required to notify the police. Such recording would allow for the eventual introduction of a central guns register if, on further examination, this seems desirable.

There will continue to be an appeal against any refusal of a shotgun certificate.

Ammunition

With respect to shotgun ammunition, the Government is proposing that anyone seeking to purchase it should be required to produce either a valid certificate, or a written authority from a certificate holder, together with that certificate, in order to do so. The more lethal types of shotgun cartridge will be brought under full section 1 certificate control.

Certain types of ammunition are treated as prohibited, and grenades, bombs and other like missiles will be added to this classification, so that they will not be available to the private individual.

Visitors

Under the present law visitors to Britain who have been resident for not more than 30 days in the previous twelve months may purchase or possess any number of shotguns without holding a certificate. In future any visitor wishing to bring a shotgun to Britain for sporting purposes will have to apply for a visitor's shotgun permit through a sponsoring resident. For those coming to purchase a shotgun for export purposes only, and not for use, a permit will not be required, but it will be an offence for a visitor to dispose of a shotgun purchased in Britain other than to a registered firearms dealer. Visitors wishing to bring other firearms to Britain will also be required to obtain a permit through a sponsoring resident; the permit will not authorise the purchase of firearms.

Dealers

A number of changes will be made in relation to authorised firearms dealers; in future the status of a firearms dealer will be confined to those who can show that dealing in firearms is a substantial commercial or business activity. This is designed to ensure that only legitimate dealers receive authorisation and to remove the temptation for firearms enthusiasts to register as dealers simply to pursue their hobby and to collect larger numbers of weapons than may be held by an ordinary certificate holder. In addition the validity of the period of registration of dealers will be extended from one to three years in order to reduce the burden on the police without loss of control.

Under the 1968 Act carriers of firearms and ammunition and warehousemen are exempt from normal controls and are not required to have regard to the security of the goods they are handling. The Government is to introduce a requirement to ensure the safety of firearms or ammunition transported, despatched or collected in England, Wales and Scotland.

All dealers are required to maintain detailed records of their transactions in firearms registers and it is intended that dealers should retain their registers for a minimum period of five years after the date of the last entry. If a firearms dealer ceases to trade, he will have to surrender the register to the police.

Northern Ireland

Controls over the carriage of firearms and ammunition from Great Britain to Northern Ireland are to be tightened in order to lessen the likelihood of their falling into the hands of terrorists.

Gun Clubs

The Secretary of State will be given a specific power to approve both rifle and pistol clubs, which will have to be properly constituted, have access to a firing range approved by the Secretary of State, and be run by proper and fit persons. A fee will be introduced for approval and this will be renewable on a six-yearly basis.

Penalties

Because of widespread public concern about the rapid growth in crimes involving the use of firearms, a provision for raising to life imprisonment the maximum penalty for carrying a firearm in crime has been included in the Criminal Justice Bill before Parliament. In addition the maximum penalty for possessing a shotgun without a certificate is being raised to bring it into line with the same offence in respect of firearms.

Certificates

The Government intends to take powers to require an application for a shotgun or firearm certificate to be accompanied by two photographs of the applicant. It will also extend the current arrangement under which an application for a shotgun certificate has to be countersigned by a person of good character to cover firearm certificate applications.

Amnesty

A firearms amnesty is to be held to enable illegally held firearms and shotguns and those whose owners do not wish to keep them to be handed in to the police; this will also apply to those owners not wishing to keep their weapons. Surrender to the police will ensure that they do not re-enter the market. The amnesty will be timed to coincide with the introduction of the new gun and ammunition controls, so that owners of weapons which can no longer be held as a result of changes in the law will be able to take advantage of its provisions.

Shorter Notes

ETHNIC MINORITIES IN THE CIVIL SERVICE

Black and Asian people are now represented in the Civil Service in similar proportions to those in the population as a whole. This was confirmed by the results of a voluntary survey published by the Cabinet Office in December 1987, *The London and South East of England Staff-in-Post Survey,* which showed that 7·4 per cent of the 73 per cent of staff who responded classified themselves as black or Asian. This is about the same as the proportion of economically active black or Asian people in London and the south east.

Commenting upon the findings, the Minister of State for the Civil Service, Mr Richard Luce, said that black and Asian people in the Civil Service tended to be younger than white colleagues, and were more likely to be women and to be in lower grades. The Government was determined that these groups should have every chance to reach higher grades and a number of positive steps were being taken. These include monitoring of career and promotion rates, and training to improve promotion chances. A special advertising campaign was started by the Civil Service Commission in December with the aim of showing black and Asian men and women what professional opportunities are available in the Civil Service.

Source: Office of the Minister for the Civil Service press notice, 9.12.87.

CHANGES IN IMMIGRATION RULES

Changes in the Immigration Rules announced by the Home Secretary, Mr Douglas Hurd, during the debate on the Immigration Bill in November (see p 395, 1987) were published on 15 December 1987 and will take effect from 1 February.

The maximum period of a visit will be reduced from 12 to six months and visitors will normally be granted the full six-month period on arrival. This is expected to save some 40,000 applications annually from people admitted for shorter periods and wanting to extend their stay.

The arrangements for au pairs, people of independent means, businessmen, sole representatives of companies, self-employed people, writers and artists will also be changed so that people in these categories will be granted leave to enter for up to the maximum period permitted by the Rules. This means that an au pair will be granted the full two-year stay on arrival. At present sole representatives are admitted for 12 months on arrival with a three-year extension and the entitlement to apply for settlement after four years; people in the remaining categories are at present admitted for 12 months on arrival with 12-month extensions thereafter and the entitlement to apply for settlement after four years. Businessmen and self-employed people will continue to be admitted for an initial period of 12 months but will then be granted a three-year extension to bring them to the point at which they can apply for settlement. People in other categories will normally be allowed to enter for four years on arrival. As at present all people in these categories, except au pairs, will require prior entry clearance.

The position of fiancé(e)s is also affected by the changes and they will in future be admitted for six months instead of three as at present. Where a marriage has not taken place within six months it will be more reasonable to assume it is not likely to do so and appropriate action can be taken to refuse the person further leave to remain.

Sources: Home Office press notice 15.12.87; *Statement of Changes in Immigration Rules* No 208. HMSO, 85p. ISBN 0 10 220888 3.

Single European Market

A considerable programme of work lay ahead if the European Community's aim of establishing a single market throughout the Community by 1992 were to be achieved, the Secretary of State for Trade and Industry, Lord Young, said in London on 2 December 1987. The Government was launching a campaign to increase awareness of the market, which he regarded as central to the Government's objective of stimulating the creation of wealth and jobs.

The completion of a single European market was a long-standing objective of the Community, going back to the time of its creation, the Secretary of State began. The political impetus had recently accelerated, with the commitment to the establishment of such a market by 1992 being included in the Single European Act (see pp 143-4, 1986). With the remaining barriers due to be dismantled over the next five years, the Government was launching a sustained campaign to increase awareness of the developments.

The Need for a Single Market

There were strong practical reasons in favour of a single market. The Community was easily Britain's largest export market and was of growing importance. In 1972 the 11 countries that were now Britain's fellow-members took 34 per cent of Britain's exports. The figure had risen to 44 per cent by 1982 and was now 50 per cent. In 1986 British exports to the rest of the Community amounted to £35,000 million in goods and £22,000 million in invisible items. Imports were even higher, which presented a challenge in itself: the Community represented a potential home market for Britain of 320 million people – nearly as large as Japan and the United States combined.

Turning to the case of the United States, Lord Young drew attention to the innovation and dynamism which business there had gained as a result of having a single large market for goods and services. There was no need, for example, for producers to manufacture to a whole series of different standards and regulations. Nevertheless, differences between states remained – with regard to taxation, for instance. The important thing was that the economic benefits of a unified market could be achieved without legal requirements in this area. Indirect taxation was a leading issue, the Secretary of State stressed, but the realisation of economic benefits rather than harmonisation should be taken as a guiding principle.

Dismantling the remaining barriers would lead to substantial opportunities for British business. Such action would reduce costs and stimulate efficiency and so be an integral part of the Government's objective of encouraging the creation of wealth and jobs.

The Community's Programme

The establishment of a single market would require 'a formidable programme' between now and the end of 1992. Lord Young went on to single out a few areas of concern.

First, different national product standards fragmented the market and added to costs. These barriers could be especially important in the field of high technology, particularly where market development was hampered by the inability of products from different manufacturers to work together.

Secondly, obstacles could arise not just from the standards themselves but from differences in national testing and certification arrangements. These arrangements were often costly and time-consuming and could therefore act as a serious barrier to trade, especially for small companies. Accordingly, during its Presidency of the Community in the second half of 1986 (see pp 10-15, 1987), Britain had initiated measures to establish the principle of mutual recognition whereby products tested and certified in one member state could go on sale elsewhere in the Community without further ado.

Thirdly, public purchasing practices, under which central and local government discriminated in favour of local suppliers, were widespread in the Community.

Fourthly, progress towards the creation of a single market in services had lagged behind that in removing barriers to trade in goods. The liberalisation of transport and financial services was long overdue. Such liberalisation, as well as being important in its own right, would also benefit manufacturing companies as consumers of these services. With regard to financial services, some member states operated discriminatory controls on the number and location of branches of foreign banks; others blocked entry to their stock exchanges; and there was still a long way to go in achieving a single market in insurance. The position was little better in the professions, such as accountancy, the law, engineering and architecture, where restrictions were rife.

The Way Ahead

The creation of a single market was an important element in the development of a climate that stimulated enterprise and reduced bureaucracy. Business flourished in a competitive and open economy, which the Government aimed to secure both at home and abroad. The establishment of this market would mean adopting a substantial amount of new Community legislation; it was essential that this be done in a way that did not add unnecessarily to the burden of regulation. 'The creation of a genuine common market must mean removing obstacles to business, not placing new ones in their way', the Secretary of State warned.

He went on to say that the emergence of a single market would lead to the development of a European industrial capability to compete successfully in the next century. People in Britain had to learn to adapt to the changed circumstances. The government campaign would include a major conference in London on 18 April 1988, which would be the first of a series of presentations throughout the country.

East-West Relations: Washington Summit

Britain has welcomed the signature by the United States and the Soviet Union of the Intermediate Nuclear Forces Treaty designed to eliminate their ground-based intermediate range nuclear missiles. The treaty, the first to provide for a reduction of nuclear weapons, was signed in Washington on 8 December 1987 at the start of a summit meeting between the US President, Mr Ronald Reagan, and the Soviet leader, Mr Mikhail Gorbachev. Earlier, on 7 December, Britain's Prime Minister, Mrs Margaret Thatcher, and Mr Gorbachev discussed arms control and a number of other issues in a short meeting at an air base in Britain.

After signing the Intermediate Nuclear Forces (INF) Treaty, Mr Reagan and Mr Gorbachev discussed other arms control issues, regional questions such as Afghanistan, and human rights. In a final communiqué on 10 December, they agreed to work towards the completion of other arms control agreements, and in particular to conclude a treaty on strategic nuclear weapons in the first half of 1988.

Background

In 1977 the Soviet Union began to deploy new intermediate nuclear forces, including the long-range SS20 missile, each with three independently targetable nuclear warheads, as well as new shorter-range systems (SS12/22 and SS23).[1] In contrast, NATO had no comparable missiles in Europe, and its own INF, which comprised 200 United States F-111 and British Vulcan bombers, were ageing and increasingly vulnerable to Soviet attack. (The British aircraft were phased out in 1982.) The SS4 and SS5 systems were first deployed in 1959 and 1961 respectively. To counter this imbalance, the Western Alliance agreed in December 1979 to modernise its own INF systems by deploying cruise and Pershing 2 missiles in Britain and four other NATO countries from 1983 onwards (see pp 10-14, 1980), while offering to negotiate with the Soviet Union the limitation of land-based INF missiles; if these talks proved successful, NATO promised to review its modernisation programme.

When the bilateral negotiations began in November 1981 (see pp 359-61, 1981), the United States, with the unanimous agreement of its NATO allies, put forward the 'zero-option' proposal under which NATO offered to cancel the planned INF deployment in return for the Soviet Union dismantling all its SS20 and other INF missiles. The Soviet response – a moratorium on INF deployments and the withdrawal of some nuclear weapons based west of the Urals – was regarded by NATO as merely a perpetuation of the Soviet superiority (then roughly 4:1), since some of the withdrawn missiles would still be in range of Western Europe and others could be redeployed to threaten NATO during a crisis. The Soviet Union had also demanded that the negotiations should include 'forward-based systems' (US carrier- and land-based aircraft stationed in Europe, but not similar forces of its own) and 'third-party' British and French nuclear weapon systems.

In November 1983 the failure of the Soviet Union to accept US proposals on INF resulted in the beginning of the planned deployment of INF missiles in Europe, starting in Britain (see pp 414-16, 1983); shortly afterwards the Soviet delegation withdrew from the negotiations. No formal discussions took place until January 1985 when the United States and the Soviet Union agreed in Geneva that they would try in three separate negotiations 'to work out effective agreements aimed at preventing an arms race in space and terminating it on earth and limiting and reducing nuclear arms, and strengthening strategic stability' (see p 12, 1985).

After an exchange of proposals put forward between 1985 and 1987, including those at two summits in Geneva and Reykjavik (see pp 376-8, 1985, and pp 345-6, 1986), the two superpowers agreed in the autumn of 1987 to conclude an INF treaty, that would be signed in Washington in December. They also agreed to conclude a treaty aimed at reducing strategic offensive arms by 50 per cent, and to resume negotiations on the cessation of nuclear testing, which had been broken off in 1980.

INF Treaty

In the treaty, which is to be of unlimited duration once ratified, the United States and the Soviet Union agreed to eliminate all their land-based shorter and long-range INF within a two-phased, three-year period. By the end of the first phase, no later than 29 months after the treaty has entered into force, the two sides would have reduced their long-range INF missiles (that is, the US cruise and Pershing 2 missiles and the Soviet SS4, SS5 and SS20 missiles, all of which have a range of between 1,000 and 5,500 km, together with their launchers, support structures and equipment) to no more than 200 deployed

[1] By the end of 1986, the Soviet Union had deployed 270 SS20s, with 810 warheads, and 665 shorter-range missiles, aimed at targets in Western Europe.

and non-deployed warheads. These would then be eliminated in the final phase. Regarding shorter-range INF missiles (that is, NATO's Pershing 1A[1] and Soviet SS12/22 and SS23 missiles, with a range of between 500 and 1,000 km), it was agreed that these would be withdrawn to their elimination facilities by 90 days after the treaty's entry into force, and eliminated within 18 months. At the end of the three years, the United States would have destroyed nearly 1,290 INF missiles, and the Soviet Union over 3,030.

Verification

Under the verification provisions designed to secure compliance, each party would have the right to conduct on-site inspections within the territory of the other and those of countries in which INF missiles are based. Four types of inspection are provided for:

1 A 'baseline data exchange inspection' within 30 to 90 days of the treaty's entry into force to verify the number of missiles, launchers, support structures and equipment and other data;

2 Short-notice challenge inspections during the period when missiles are still deployed;

3 'Close-out' inspections of bases or missile facilities when all the missiles have been eliminated; and

4 Continuing short-notice challenge inspections for the ten years after the elimination of the missiles.

The number of inspections is limited under the agreement to 20 per year in the first three years, 15 per year in the next five years and 10 per year in the last five. In addition, both sides would have the right to establish permanent inspectors at plants which have the potential to make the missiles prohibited under the treaty. A further safeguard is provided by the establishment of a special verification commission, which could be convened at the request of either side to resolve problems relating to compliance with the treaty.

Basing Country Agreement

The details of verification and inspection (such as the types, timing and duration of inspections, and practical arrangements) are set out in an inspection protocol to the treaty. In addition, a Basing Country Agreement signed by the basing countries in Europe (Belgium, Britain, the Federal Republic of Germany, Italy and the Netherlands) with the United States on 11 December 1987 established the procedures necessary to enable the United States to discharge its obligations under the treaty in respect of facilities not on US territory. Each European basing country also signed in December an exchange of notes with the Soviet Union which imposed on the Soviet Union the obligations with which it would have to comply in relation to verification and inspection measures as laid down in the INF Treaty. Soviet inspections in Britain will be limited to Royal Air Force bases at Greenham Common and Molesworth, where a total of 112 US cruise missiles are deployed.

[1]The 72 Pershing 1A missiles are owned by the Federal Republic of Germany, their warheads by the United States. The United States is committed to repossess their warheads under a co-operation arrangement made with the Federal Republic.

Joint US-Soviet Statement

Arms Control

In a joint statement at the conclusion of the Washington summit the United States and the Soviet Union affirmed the fundamental importance of their meetings in Geneva and Reykjavik and said that they would continue to be guided by their conviction that a nuclear war could not be won and must never be fought.

Both leaders agreed to work towards the completion of the treaty on the reduction and limitation of strategic offensive arms, preferably in time for signature during their next meeting in Moscow in the first half of 1988. In so doing they would build upon the agreement on 50 per cent reductions achieved at Reykjavik, including ceilings of no more than 1,600 strategic offensive delivery sytems, 6,000 warheads and 1,540 warheads on 154 heavy missiles, and with neither side's aggregate throw-weight (that is, the weight of a missile's warheads deliverable over a given range) being more than 50 per cent of that currently possessed by the Soviet Union's intercontinental and submarine-launched ballistic missiles. The joint statement also sets out details of verification and inspection measures including data exchanges, baseline inspection to verify the accuracy of information provided, on-site inspection of the elimination of strategic systems necessary to achieve the agreed limits, continuous on-site monitoring of critical production and support facilities, and short-notice on-site inspections of certain locations.

Taking into account the preparation of the strategic arms limitation treaty, both leaders instructed their Geneva delegations to 'work out an agreement that would commit the sides to observe the ABM Treaty [see p 53, 1987], as signed in 1972, while conducting their research, deployment and testing as required, which are permitted by the ABM Treaty, and not to withdraw from the ABM Treaty, for a specified period of time'.

On the issue of nuclear testing the statement welcomed the opening in November 1987 of negotiations under which, as the first step, both sides would agree on effective verification measures which would make it possible to ratify the US-Soviet Threshold Test Ban Treaty of 1974 and the Peaceful Nuclear Explosions Treaty of 1976 (see p 193, 1987). They would then proceed to negotiate further limitations on nuclear testing leading to the ultimate objective of the complete cessation of nuclear testing as part of an effective disarmament process. Both sides also welcomed the mutual exchange of experts' visits to their nuclear testing sites in January 1988 and agreed to design and subsequently to conduct a joint verification experiment at each other's test sites.

Both sides confirmed their continued commitment to the non-proliferation of nuclear weapons and to the strengthening of the Non-Proliferation Treaty (see pp 291-3, 1983).

On chemical weapons, they expressed their commitment to the negotiation of a verifiable, comprehensive and effective international convention on their prohibition and destruction.

Agreeing on the importance of reducing the level of military confrontation in Europe, the two leaders

also spoke in favour of the early completion of the mandate for conventional arms control negotiations in Vienna (see p 193, 1987) so that concrete measures could be put forward. They pointed out that the implementation of the Stockholm Conference on confidence- and security-building measures (see pp 317-19, 1986) was an important factor in strengthening mutual understanding and enhancing stability, and expressed their determination to bring the Conference on Security and Co-operation in Europe (CSCE) in Vienna to a successful conclusion (see pp 347-9, 1986).

Human Rights

The joint statement said that the leaders held 'a thorough and candid discussion on human rights and humanitarian questions' and their place in the dialogue between both countries.

Regional Issues

Noting that a wide ranging and frank discussion had taken place on regional issues such as Afghanistan, the Iran-Iraq war, the Middle East, Southern Africa and Central America, the two leaders acknowledged serious differences but agreed that their goal should be 'to help the parties to regional conflicts find peaceful solutions that advance their independence, freedom and security'.

British Views

Welcoming the signing of the INF Treaty, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said on 11 December that, by reducing nuclear weapons for the first time, by establishing a strong verification regime, and by moving forward on the basis of asymmetrical reductions, both powers had set important precedents for the next arms control talks. The priorities for these, he added, were a 50 per cent cut in US and Soviet strategic arsenals, the removal of imbalances in conventional arms and a global ban on chemical weapons. The treaty had achieved all the objectives set out by NATO in December 1979, and its ratification was overwhelmingly in the Western interest.

At a press conference after the signing of the Basing Country Agreement on 11 December, Sir Geoffrey said that this agreement embodied the cohesion, partnership and sense of common purpose that had carried NATO through seven years of difficult negotiation to an outstanding success; Sir Geoffrey, however, warned that, while the INF Treaty marked 'a very significant step forward in building trust and confidence', it had also underlined the distance that still had to be travelled by East and West before it could be said with certainty that the scope for misunderstanding had been reduced to safe and manageable proportions. Three watchwords for East-West relations were more than ever valid – realism, to avoid extremes of euphoria and gloom in dealing with Soviet Union; vigilance, in order to distinguish whether the Soviet leadership's new thinking really did mean a break with the Soviet past; and an open mind, in order to be receptive to change in that country and the opportunities it would present.[1]

[1]For further information see *East-West Relations: Realism, Vigilance and an Open Mind. Four Speeches by the Secretary of State for Foreign and Commonwealth Affairs*, published by the Central Office of Information for the Foreign and Commonwealth Office.

British-Soviet Meeting

On 7 December, Mrs Thatcher and Mr Gorbachev had a short meeting at the Brize Norton Royal Air Force base in Oxfordshire, when the Soviet leader stopped over on his way to the Washington summit. At a press conference afterwards, Mrs Thatcher said that her concern was primarily to look forward to see how they could build on the INF agreement, by developing East-West relations 'to secure further reductions in armaments and forces on the basis of balance and mutual confidence'. Their discussions included human rights (see below and p 127, 1987); Afghanistan, where Mrs Thatcher expressed the hope that there would be a Soviet withdrawal in 1988 (see pp 404-6, 1987)[1]; and bilateral trade (see p 126, 1987).

On the development of the arms control process, she said that the next steps should be an agreement cutting strategic nuclear weapons by 50 per cent, the elimination of chemical weapons, and the establishment of a conventional balance; there was, she added, no scope for further reductions in nuclear weapons in Europe until there was a balance in conventional forces and chemical weapons had been eliminated. The Prime Minister said that she supported the United States' Strategic Defence Initiative research programme and thought that the most promising way forward towards an agreement on strategic offensive systems would be a commitment by the United States and the Soviet Union not to withdraw from the ABM Treaty for a number of years, which, together with mutual indications of their intended research programmes, would build confidence between the two countries.

Answering questions, Mrs Thatcher said that there was no question of Britain's nuclear deterrent being involved in the strategic arms control talks until negotiations between the United States and the Soviet Union had achieved more than a 50 per cent reduction. If this came about, then Britain would consider bringing its deterrent into discussions.

Commenting on the issue of human rights in the Soviet Union, Mrs Thatcher welcomed increased freedom and individual responsibility there and said that Britain was urging the Soviet leadership to do more. Britain hoped that an enlargement of human freedom within the Soviet Union would succeed and it supported Mr Gorbachev's ideas of greater openness and restructuring of the Soviet economy.

North Atlantic Treaty Organisation

At a meeting of the North Atlantic Council in Brussels in December 1987, members of the North Atlantic Treary Organisation welcomed the Intermediate Nuclear Forces Treaty between the United States and the Soviet Union as being 'Fully con-

[1]The Soviet Foreign Minister, Mr Eduard Shevardnadze, stated on 6 January that the Soviet Union wanted to withdraw its forces from Afghanistan by the end of 1988.

sistent with the security requirements of the Alliance', and 'the successful result of the solidarity and resolve shown by the Alliance as a whole'. At the same time the Council reaffirmed that there was no alternative to its policy of deterrence, based on a mix of adequate and effective nuclear and conventional forces, in maintaining peace and security.

NORTH ATLANTIC COUNCIL

The following communiqué (slightly abridged and with headings added) was issued by the North Atlantic Council of the North Atlantic Treaty Organisation (NATO) on 11 December 1987. Earlier, defence ministers of NATO's Defence Planning Committee met in Brussels on 1 and 2 December.

Final Communiqué

East-West Relations

We welcome the Washington INF [Intermediate Nuclear Forces] *Treaty* [see pp 9-11]. *This Treaty is the successful result of solidarity and resolve shown by the Alliance as a whole. It is fully consistent with the security requirements of the Alliance. It accomplishes an important and long-standing Alliance objective: the elimination of a class of Soviet nuclear weapons threatening the European Allies and other regions of the world. The Treaty establishes significant new standards in verification procedures and in achieving asymmetric reductions to redress the present imbalance. The process of intense consultation and co-operation within the Alliance in support of this effort has demonstrated and reinforced the close ties and common interests between Europe and North America that lie at the heart of the North Atlantic Alliance. We consider that the INF Treaty will be all the more meaningful because it opens the way to progress in other arms control areas. We fully support the INF Treaty and urge its early entry into force.*

We are convinced that these developments have been made possible by the consistent and realistic pursuit of Alliance security policy set forth in the Harmel Report whose 20th Anniversary we celebrate this year.[1] *We are agreed upon the importance of Alliance cohesion and solidarity, and adequate military strength, which remain an essential basis for our policy of dialogue and co-operation aimed, together with arms control, at resolving the underlying tensions between East and West. We take this opportunity to reaffirm the continuing validity of this balanced and complementary approach, which has ensured Alliance security, prevented war and helped bring about a constructive East-West dialogue.*

Notwithstanding the continuing fundamental differences between the states of East and West, we note a more forthcoming Soviet attitude, which could lead to real progress in East-West relations, especially in the field of arms control. We are ready to explore all possibilities thus offered to us with realism and open-mindedness. We shall do so, thoroughly investigating areas of common interest and acting on the basis of actual Soviet and Warsaw Pact conduct and of a sober calculation of the implications for our own security. Only in this way can the unnatural division of Europe be healed. As the Harmel Report states, the ultimate political purpose of our Alliance is to achieve a just and lasting peaceful order in Europe accompanied by appropriate security guarantees.

Western Security

An essential element of the Alliance is our commitment to share both the burden and the benefits of our common effort. A sustained and adequate contribution by all concerned is imperative to our collective security. We agree on the undiminished need to respond in solidarity to a continuing Soviet military threat, sustained by current Soviet armaments programmes.

For the foreseeable future, there is no alternative to the Alliance concept for the prevention of war, which is a strategy of deterrence based upon an appropriate mix of adequate and effective nuclear and conventional forces, each element being indispensable. It is on this basis that the countries of the Alliance will be able to continue their own essential contribution to peace and security and to deterring war and threat of aggression or intimidation.

Arms Control Negotiations

Arms control is an integral part of this security policy. We will continue to seek effectively verifiable arms control measures leading to a more stable and secure balance of forces at lower levels. In light of the decisions they took at the Reykjavik Ministerial of last June [see pp 230-2, 1987], *the fifteen Allies concerned consider that the INF Treaty is an important element in a coherent and comprehensive concept of arms control and disarmament, consistent with NATO's doctrine of flexible response, which would include:*

a 50 per cent reduction in the strategic offensive nuclear weapons of the US and Soviet Union;

the global elimination of chemical weapons;

the establishment of a stable and secure level of conventional forces, by the elimination of disparities, in the whole of Europe; [and,]

in conjunction with the establishment of a conventional balance and the global elimination of chemical weapons, tangible and verifiable reductions of US and Soviet land-based nuclear missile systems of shorter-range, leading to equal ceilings.

We further note that the North Atlantic Council in Permanent Session is actively continuing its work, in conjunction with the appropriate military authorities, to consider the further development of a comprehensive concept of arms control and disarmament. We recognise that the arms control problems faced by the Alliance raise complex and interrelated issues which must be evaluated together, bearing in mind overall progress in the arms control negotiations enumerated above as well as the requirements of Alliance security and of its strategy of deterrence.

We look to fresh progress with a view to the speedy conclusion of an agreement in the START

[1]The Harmel report on the future tasks of the Alliance, adopted in December 1967, defined two main and complementary tasks for the Alliance: to maintain adequate military strength and political solidarity in order to deter aggression and to defend its members; and to search for progress towards a more stable relationship in which the underlying political issues could be solved.

[Strategic Arms Reduction Talks, see pp 345-7, 1986] *context, in line with the Reykjavik goal of achieving a 50 per cent reduction in the Soviet and United States strategic arsenals.*

We hope that the recent Soviet recognition of the need for comprehensive verification of a chemical weapons ban can soon be translated into treaty obligations providing for effective verification, and that a convention on the global elimination of these weapons and their future non-production can be quickly concluded. We reaffirm our commitment to two future security negotiations, in the framework of the CSCE [Conference on Security and Co-operation in Europe] *process, on conventional stability aiming at a comprehensive, stable and verifiable balance of conventional forces at lower levels and new confidence building and security measures in Europe, from the Atlantic to the Urals. We hope that agreements on mandates for such negotiations meeting our objectives can be achieved as part of a balanced outcome of the Vienna CSCE follow-on meeting so that the new negotiations can begin in the near future.*

Those of us participating in the MBFR [Mutual and Balanced Force Reductions] *negotiations reiterate their desire to reach an early, substantial and verifiable agreement and call upon the Warsaw Pact participants to adopt a more constructive posture in the negotiations* [see p 7, 1986].

European Security

Progress towards more security and peace requires not only specific measures in the field of arms control, but also substantial changes in the overall East-West relationship, in line with the principles of the Helsinki Final Act. The Allies thus strongly support the continuation and strengthening of the CSCE process as a vital instrument to develop and enhance stable and constructive East-West relations on a long-term basis. We are concerned about the slow progress at the current CSCE follow-up meeting and the essential need for the USSR and its allies to improve significantly their implementation of the CSCE Documents, especially in the human dimension. The results of the Vienna follow-up meeting must not be confined only to the military aspects of security; it is essential for balanced progress to be recorded in all spheres covered by the Helsinki Final Act. We recall the proposals to this effect submitted by Western allies. In this respect we attach particular importance to the Western proposal on the human dimension. We will continue to work for the speedy adoption of a substantive concluding document containing concrete improvements with a view to further implementing the Final Act as well as the Madrid Concluding Document [see pp 325-8, 1983] *and assuring a proper balance between all CSCE areas.*

We note with satisfaction the implementation up to now of the Stockholm Document [see pp 317-19, 1986].

We note with satisfaction that the Foreign and Defence Ministers of the Western European Union in their Declaration published at The Hague on 27 October 1987 [see pp 355-6, 1987] *underlined a number of our basic principles and that they affirmed a positive identity in the field of European security within the framework of the Atlantic Alliance, conducive to the strengthening of the transatlantic partnership and of the Alliance as a whole.*

Berlin

The maintenance of a calm situation in and around Berlin, including unhindered traffic on all access routes, remains of fundamental importance for East-West relations. The viability and attractiveness of Berlin were impressively underlined during the 750th anniversary year. The members of the Alliance welcome current efforts to improve and expand Berlin's air services, to enhance the city's role as a centre for international events, and to strengthen human contacts there.

The Alliance supports the efforts of the Federal Republic of Germany to promote a permanent dialogue and co-operation with the GDR [German Democratic Republic], *for the benefit of the divided German people, including Berlin within this process. These efforts contribute to furthering East-West co-operation and strengthening peace and stability in Europe.*[1]

Afghanistan

We deplore the Soviet occupation of Afghanistan [see pp 404-6, 1987] *and call, in accordance with the United Nations' repeated resolutions on this subject, for a speedy and complete withdrawal of Soviet troops and the installation of a transitional government acceptable to all parties.*

Defence Equipment Co-operation

We approved the establishment of a NATO Conventional Armaments Planning System on a trial basis, subject to the completion of the necessary supporting policy guidance. The new system will encourage nations to get better value out of the resources they devote to defence procurement and thereby better to support the Alliance by providing a useful framework within which it will be possible to analyse long term national equipment requirements, to examine to what extent national plans meet Alliance needs and to promote greater co-operation in defence equipment.

We shall continue to pursue actively our efforts to enhance armaments co-operation among all the countries of the Alliance. The work of the IEPG [Independent European Programme Group] *represents an important contribution to the transatlantic dialogue in this field.*

In the spirit of Article 2 of the North Atlantic Treaty[2] *and in view of the prosperity gap among the various members of the Alliance, we reaffirm the importance of improving the present level of mutual assistance and co-operation within the Alliance.*

Terrorism

We condemn terrorism in all its forms. We reiterate our resolve to fight against it and reaffirm our belief that closer international co-operation remains central to defeating this scourge.

[1]The importance of Berlin in East-West relations is detailed in COI reference paper *Berlin*, No 293/87.

[2]In Article 2 of the North Atlantic Treaty, signed in 1949, members agreed to promote stability and well-being and to encourage economic collaboration.

DEFENCE PLANNING COMMITTEE

Meeting in Brussels on 1 and 2 December 1987, defence ministers agreed that the Alliance strategy of flexible response and forward defence remained the most effective and appropriate means to safeguard their security. On the question of the imbalances between conventional forces of NATO and the Warsaw Pact, defence ministers were determined to improve the position through implementation of the conventional defence improvement plan [agreed in May 1985, see pp 13-14 and 227, 1985] which focused on key deficiences in NATO's forces, and agreed to redouble their efforts to seek improvement through closer co-operation and co-ordination. They also stressed the need for broader participation by Alliance members in providing increased assistance to Greece, Portugal and Turkey to strengthen their conventional defence so that they could fulfil more effectively their proper roles in the collective defence of the Alliance. In particular, they expressed interest in the work of the Independent European Programme Group designed to permit these countries to take part more fully in armaments co-operation programmes with their NATO allies. The establishment in 1989 of a conventional armaments planning system, on a trial basis, which would enable each member country to get the best value out of its resources devoted to research, development, production and procurement of conventional military equipment was also strongly supported by ministers.

Israel and the Occupied Territories

Britain and the United Nations Security Council have criticised Israeli policies towards the Palestinian inhabitants of the Occupied Territories of Gaza and the West Bank, together with the Israeli Government's handling of the current popular disturbances there.

Britain's views were made known by the Minister of State for Foreign and Commonwealth Affairs, Mr David Mellor, on an official visit to Israel in January. Speaking in radio and television interviews on 4 January, Mr Mellor described the conditions he had just seen in the Jabalia refugee camp in Gaza as squalid and 'an affront to civilised values'. He pointed out that although Israel had administered the territory for the last 20 years, nothing was being done to improve the lot of the people, and the Israeli authorities treated the occupation as a military matter entirely. Money was flowing out of the area into the Israeli exchequer, but it was not being put back in. Help had to be given to the 1½ million people who lived in the Occupied Territories so that they could have a decent future with basic political and other human rights, for those who were denied such rights would inevitably try 'improper ways' of expressing their frustration. The violence of the last few weeks would continue as long as the area remained in a state of limbo.

Mr Mellor did not accept the view that the current crisis in the Occupied Territories was instigated by the Palestine Liberation Organisation or by Islamic fundamentalists: he said that it was caused by genuine, broad-based and deep-seated resentment at conditions there. The deportation of Palestinians from the West Bank and Gaza was contrary to international law, violating the rights of people under occupation as set out by the 1949 Geneva Convention (see below). This was the view of the whole world community, apart from Israel, and because of this the events in the Occupied Territories were an international question and not simply an internal matter for the Government of Israel.

The deportations were also counterproductive and would stir up more unrest, Mr Mellor said. The Israeli authorities had used excessive force in dealing with the disturbances, and Britain wanted to see more humane administration, proper riot control measures and less use of live ammunition. The problem could not be regarded just as a short-term question of crowd control. There could be no long-term peace and security in Israel until its occupation of Gaza and the West Bank was brought to an end and the Palestinian people were given their right to self-determination. At the same time neighbouring states had to recognise Israel's right to exist, behind secure boundaries.

House of Commons Statement

Replying to a question in the House of Commons on 11 January (*Hansard* Vol 125, No 69, cols 17-22), Mr Mellor said that, having regard to the nature of the leadership of most of the countries neighbouring Israel, there was now an opportunity to reach a long-term solution. An international conference between all parties under the auspices of the United Nations Security Council could discuss ways in which, in response to a genuine willingness to end the occupation and allow the self-determination of the Palestinian people, the right of the State of Israel to exist behind secure boundaries could be recognised by its neighbours. It was clear that on the Arab side, as on the Israeli side, there was a legacy to live down, and all parties had to lay aside some of the burdens of the past and try to work for a better future.

It was also clear that all who wished to play a part in the process had to legitimise themselves. There was particular responsibility on the Palestine Liberation Organisation to accept Security Council Resolutions 242 and 338,[1] and to renounce violence; this would give effect to its pledge and commitment that it was the representative of the Palestinian people, and it would not be brought into the framework unless it was prepared to do that. Britain would

[1]Resolution 242, adopted unanimously on 22 November 1967, called for the withdrawal of Israeli armed forces from occupied territories; termination of all claims or states of belligerency by all parties; respect for an acknowledgement of the sovereignty, territorial integrity and political independence of every state in the area; and the right of all people in the area to live in peace within secure and recognised boundaries. Resolution 338, adopted on 22 October 1973, reaffirmed the need to implement Resolution 242 in its entirety, and urged the parties to the dispute to start negotiations under the appropriate auspices aimed at establishing a just and durable peace in Middle East.

continue to do all it could to use its historic patterns of friendship with all parties in the region to achieve a long-term solution.

United Nations Security Council

Meeting on 22 December 1987, the United Nations Security Council adopted Resolution 605 deploring strongly Israeli policies and practices in the Occupied Territories which violated the human rights of the Palestinian people, and especially the opening of fire by the Israeli army which had resulted in the killing and wounding of defenceless Palestinian civilians. The resolution reaffirmed that the 1949 Geneva Convention relative to the Protection of Civilian Persons in Time of War[1] was applicable to the Palestinian and other territories occupied by Israel since 1967, and called on Israel to abide by this convention and to exercise maximum restraint, stressing the urgent need to reach a just, durable and peaceful settlement of the Arab-Israeli conflict.

In a statement before the Council on 18 December, the British Permanent Representative, Sir Crispin Tickell, observed that the West Bank, the Gaza Strip, the Golan Heights, and parts of southern Lebanon were territories under Israeli occupation and covered by the 1949 Convention. As a party to the Convention, Israel was legally obliged to comply with its provisions in good faith. The excessive use of force by the occupying authorities clearly contravened Article 27 of the Convention, which required all protected persons to be treated humanely at all times. On the question of a comprehensive settlement in the area, Sir Crispin said that it was essential that early progress was made towards convening an international conference (see p 357, 1987) in a form agreed by all parties concerned which would serve as a framework for negotiations to resolve the points at issue.

On 5 January the Security Council adopted unanimously Resolution 607 which called on Israel to refrain from deporting any Palestinian civilians from the Occupied Territories and again requested it to abide by its obligations under the Geneva Convention.

European Community's View

On 18 December 1987 the twelve member states of the European Community expressed their deep concern about the rapidly and seriously deteriorating situation on the West Bank and in the Gaza Strip to the Israeli Government, and called on the Israeli authorities to assure the immediate protection of the inhabitants of the Occupied Territories in accordance with international law and human rights standards.

Background

Since early December, when the present unrest began, there have been widespread popular protests and demonstrations by Palestinians living in the Occupied Territories. Over 30 civilians have died, and some 200 have been injured, in clashes with Israeli troops. On 3 January, nine Palestinians from Gaza and the West Bank were served with deportation orders by the Israeli authorities, four of whom were deported on 13 January.

The United Nations Secretary-General's envoy, Mr Marrack Goulding, arrived in Israel on 8 January to examine the situation in the Occupied Territories and report on ways and means to ensure the safety and protection of Palestinian civilians there, in accordance with Security Council Resolution 605.

Israel's View

Interviewed on Israeli television on 7 January the Prime Minister, Mr Yitzhaq Shamir, said that the disturbances in the Occupied Territories were 'a new phase of the Arab war against the State of Israel', but security forces were trying to restore calm and order while exercising maximum restraint. He believed that the deportations would have a calming effect, and said that Israel rejected the Security Council Resolution (607) and would not co-operate with any move aimed at implementing it.

[1]Article 49 of the Convention, to which Israel is a party, prohibits the deportation or forcible transfer of protected persons from occupied territory, regardless of motive.

British Emergency Aid to Ethiopia

Britain is to increase its emergency food aid to Ethiopia in response to the famine there. This was announced on 21 December 1987 by the Minister for Overseas Development, Mr Christopher Patten. The new grant raises the total pledged by Britain in 1987 for emergency relief in Ethiopia to over £28 million.

Mr Patten said that the situation in Ethiopia was 'on a knife-edge', and a recent report by the United Nations Food and Agriculture Organisation (FAO) had shown that there was an urgent need for further food aid pledges. It was vital that donors and the Ethiopian Government worked quickly and closely to avert an imminent full-scale famine. Britain would send a further 17,500 tonnes of emergency food aid at a cost of £3·2 million, to be distributed by the British voluntary aid organisations Oxfam and the Save the Children Fund as part of their relief operations in the northern Welo area of Ethiopia.

Background

The complete or partial failure of the main rains in many areas of Ethiopia in 1987, and the consequent crop loss, mean that over 5 million people in the north and east of the country are likely to be affected by famine throughout 1988. The worst affected areas are Eritrea (estimated crop loss approaching 100 per cent) and Tigre (crop loss 75 to 80 per cent), where the situation is made worse by civil war. The FAO has estimated the total food needs for 1988 at 1·3 million tonnes. Food pledges so far amount to some 500,000 tonnes, which together with stocks already in Ethiopia should be sufficient to meet needs until the end of March.

British emergency aid to Ethiopia in 1987, prior to the extra allocation announced on 21 December,

totalled some £25 million.[1] This includes £2 million in response to an appeal by the Disasters Emergency Committee[2]; £2 million for an airlift by the United Nations Disaster Relief Organisation; £6·2 million for 37,000 tonnes of food which is being distributed through several non-governmental aid organisations; £2·25 million for other assistance, including £1·3 million for port equipment and transport; and £12·5 million as the British share of the European Community's food and other emergency aid, including Community-funded airlifts.

Britain maintains a modest programme of longer-term technical co-operation, and is helping with projects aimed at reducing the impact of drought, including a £1·25 million well rehabilitation project in Welo region, and the provision of experts to help establish a Food Security Reserve based on a network of strategically placed grain warehouses. Britain has also provided £1 million to Ethiopia for the control of locusts and other crop pests in 1986 and 1987.

Britain does not otherwise provide long-term development aid to Ethiopia bilaterally, on the grounds that its Government's collectivist agricultural policies and restrictions on marketing discourage agricultural production and keep the peasants, who form the vast majority of the population, in poverty. For several years a total of up to £270 million of European Community and World Bank aid has been available for the development of peasant agriculture, provided that the Ethiopian Government fulfils undertakings to liberalise its agricultural pricing and marketing policies. Britain is a member of both of these multilateral organisations, and the British share of European Community aid amounts to some £30 million. However, since the necessary policy reforms have not yet been implemented, the bulk of the funds remains unspent.

[1]Britain donated over £42 million in bilateral emergency aid to Ethiopia in the years 1984-86, of which £27 million was given in 1985 in response to the previous famine there.

[2]The Disasters Emergency Committee co-ordinates the efforts of five major British voluntary agencies (Oxfam, Christian Aid, the British Red Cross Society, the Catholic Fund for Overseas Development and the Save the Children Fund) in response to emergencies overseas.

Local Government Finance

The Local Government Finance Bill, which seeks to make radical changes to the system of local government finance including the replacement of domestic rates with a flat-rate community charge, was given a second reading in the House of Commons on 17 December 1987 after a two-day debate.

THE PRESENT SYSTEM

Local authorities spent some £40,000 million in 1986-87 – around a quarter of total public expenditure. Education accounts for about one-third of local authority expenditure with most of the remainder going on law and order, housing and other environmental services, personal social services and transport. There are three main sources of finance – rates (local property taxes), central government grant and sums received from charges for services. They can also borrow to finance capital spending.

Rates

Having set a budget for the coming year, a council deducts the amount it expects to receive in central government grant, its likely income from other sources and any forecast change in balances; the remainder must be raised in rates. Every property has a notional rental value – its 'rateable value'. The rating authority calculates how much would be raised by a rate of one penny for each pound of rateable value of the properties in its area. It divides the amount to be raised by the product of a penny rate to arrive at the rate poundage (the number of pence per pound of rateable value) to be charged. (For example, if £1 million is to be raised and total rateable value amounts to £500,000, the product of a penny rate will be £5,000 and the rate poundage 200p.) The rate charged to domestic properties is reduced by domestic rate relief, paid by central government to the council.

Central Government Grant

Central government grant consists of grants for specific purposes (law and order and the Urban Programme, for example), supplementary grants (for transport and national parks) and rate support grant. This includes domestic rate relief and accounts for some four-fifths of total grant. The greater part of rate support grant consists of block grant, which is used to adjust for differences in the costs of providing a standard level of service in different areas and for variations in resources. It is aimed at ensuring that all local authorities can finance a comparable standard of service for the same rate poundage.

LOCAL GOVERNMENT FINANCE BILL

The Local Government Finance Bill was given a second reading by 341 votes to 269, a government majority of 72 (*Hansard*, Vol 124, No 66, cols 1,113-84; Vol 124, No 67, cols 1,245-1,346). (The Bill applies to England and Wales only; provision for Scotland has already been made in the Abolition of Domestic Rates Etc. (Scotland) Act 1987 (see p 97, 1987).) It is designed to abolish domestic rates and introduce a flat-rate community charge payable by almost everyone over the age of 18; simplify the system of paying central government grant to local authorities; and establish a national non-domestic rate which will increase by no more than the rate of inflation (see pp 23-4, 97 and 418, 1987). The Government's proposals were set out in a Green Paper published in January 1986[1] (see pp 46-50, 1986).

It is planned to introduce the community charge in one move on 1 April 1990 in all local authorities in England and Wales except the highest spending areas in London, where it will be phased in over a four-year period up to 1 April 1994. (Implementation in Scotland is planned for 1 April 1989.) Those exempt from the community charge will be 18-year-olds still at school, the severely mentally handicapped, those in old people's homes, patients living in hospitals, convicted prisoners, foreign diplomats and members of visiting forces. A register will be compiled showing the area in which people are liable for the community charge.

Central government will pay revenue support grant – instead of rate support grant – to local authorities. This is designed to compensate for differences in local authorities' needs; it will also provide help in the form of a fixed sum per adult. In those areas where the community charge is to be phased in, central government will have the power to adjust the amount of grant so as to provide a 'safety net' to limit the effects of the move to the new system.

Liability to non-domestic rates will be calculated by multiplying the rateable value of a property by the poundage. (Charities will be subject to a 50 per cent reduction.) Rateable values are to be determined by the valuation officer for the area. The poundage in 1990-91 will be decided by central government; changes in subsequent years will be linked to movements in the retail prices index. The proceeds from non-domestic rates will be paid into a national pool and redistributed to local authorities in proportion to their adult population.

[1] *Paying for Local Government*. Department of the Environment, Scottish Office and Welsh Office. Cmnd 9714. HMSO, £11·20. ISBN 0 10 197140 0.

Minister's Speech

Opening the debate, the Secretary of State for the Environment, Mr Nicholas Ridley, said that the objectives of the Bill were threefold: first, to do away with 'the iniquities' of the present system of domestic rates; secondly, to increase the responsiveness and accountability of local councils to their electorates; and, thirdly, to provide much needed protection for business ratepayers. These objectives would be achieved by replacing domestic rates with the community charge, by introducing a system of grants to local authorities that was simpler and more stable than the existing one and by establishing a national non-domestic rate. 'Together, those proposals will provide the essential linkage between those who use, pay and vote for local services.' It was generally agreed that the domestic rating system had not controlled local spending, did not provide accountability and was unfair; it therefore had to be abolished. Although the Government had had some success in restraining the spending of local authorities, it was still too high. The key to prosperity lay in reducing the burden of state spending, taxation and borrowing.

Control of local authority spending was vested in 35 million electors. However, only 18 million were liable for domestic rates and, of these, 3 million received a full rebate; therefore, 20 million of the local electorate made no direct contribution to the cost of local services. Half of local revenue was raised from businesses, which were defenceless against exploitation by local authorities.

The unfairness of the domestic rating system meant that many who benefited from local services paid nothing towards them. Payments based on rental values bore little relationship to people's ability to pay and even less to their use of local services. Forty per cent of homes with above average rateable values were occupied by those with below average incomes. Those in areas of high rateable values paid more for the same services than those in areas of low rateable values, regardless of income. The community charge, on the other hand, was fair, workable and, above all, accountable.

It was fair because it meant that nearly all adults would pay a flat-rate local charge for local services which broadly reflected their use of them. Mr Ridley stressed that the community charge did not mean that everyone would make the same contribution to financing local services, regardless of income. Proceeds from the community charge would cover only about a quarter of local authority spending; around half would be met by grants from national taxpayers and a quarter would come from business taxpayers. Households ranked in the top 10 per cent by income would pay 16 times as much towards local services as those in the bottom 10 per cent. The poorest would be protected by rebates of up to 80 per cent. Those receiving the maximum rebate would include all people on income support and all those fully dependent on state retirement pensions. People on income support would also receive additional help with the remaining 20 per cent.

Turning to the question of workability, the Secretary of State admitted that the community charge would probably be twice as expensive to administer as rates and he recognised that there would be some evasion. Many local authorities were advanced with their plans for the new system and a recent report had confirmed that it would be operable in Scotland by the planned date of 1 April 1989.

The accountability of the community charge would be seen in the fact that its level would reflect the spending decisions reached by a council on behalf of its electors.

With regard to the national non-domestic rate, Mr Ridley said that it was 'an essential part of the package'. It would be collected locally and the proceeds assigned by law to local government. An important function of the non-domestic rate would be to remove the arbitrary variations in the amounts businesses paid; rate poundages could vary enormously between adjacent areas for identical services. Its introduction would lead to a considerable reduction in the rates payable by business in the areas of greatest unemployment, giving an important boost to employment. The non-domestic rate would also allow business location to be determined by business considerations rather than the vagaries of local spending decisions.

Opposition Views

Replying for the official Opposition, Dr John Cunningham said that the proposals for a flat-rate tax marked the abandonment of the principle of fairness in personal taxation. There would be unprecedented central government control of local authority finance. He accused the Government of wishing to set up a system of finance designed to undermine local government. Parliament was being asked to approve a tax that had been internationally rejected and condemned by all other democracies.

For the Liberal Party, Mr David Steel criticised the anomalies of the community charge. While rates also embodied anomalies, they were accidental and rates, being a tax on assets, did bear some relation to ability to pay.

For the Social Democratic Party, Dr David Owen said that the proposals represented 'the most massive act of maldistribution in centuries'. The majority of people in Britain did not want the community charge and regarded it as unfair.

Foreign Companies' Views of Britain

The results of a survey carried out by an independent research company to find out the opinions on Britain held by executives of foreign companies which have invested in Britain were published by the Invest in Britain Bureau in December 1987. Some 70 per cent of companies said that they were currently considering further investment in Britain; 79 per cent considered Britain to be an excellent base for exporting to the rest of Europe; and 96 per cent said that industrial relations in Britain had improved significantly in recent years.

The Invest in Britain Bureau, which is a Department of Trade and Industry unit functioning as the Government's main inward investment promotion

agency, commissioned the research from Consensus Research, to mark the Bureau's tenth anniversary. Carried out during 1987, the findings represent the first nationwide survey of investor opinion to cover a broad range of topics.

The published results[1] report the comments of more than 350 executives from 332 foreign companies. The companies were selected from lists held by various bodies, including the Invest in Britain Bureau itself, as well as foreign diplomatic missions and chambers of commerce in London. Companies established in all areas of Britain were included, and all were involved in manufacturing, assembly or research and development. They broadly reflect the mix of national origins of all the foreign companies now operating in Britain. The largest number (45 per cent of the total) came from the United States, followed by the Federal Republic of Germany (21 per cent), the Netherlands (6 per cent), Denmark and Japan (both 5 per cent), Canada (4 per cent), and Finland, Sweden and Switzerland (all 3 per cent).

By type of operation, 90 per cent of the companies said they were involved in manufacturing; 61 per cent were engaged in assembly work; 55 per cent conducted research and development; 87 per cent were engaged in sales operations; 80 per cent in distribution; and 38 per cent supplied services. By size of operation, 7 per cent had annual sales of over £100 million, 11 per cent had sales between £51 million and £100 million, 24 per cent were in the £11 million to £50 million range, and 42 per cent earned between £1 million and £10 million. Some 12 per cent of companies employed more than 1,000 people in Britain, and 27 per cent had between 200 and 1,000 employees.

The main results of the survey are reproduced below.

Company Performance

Over four-fifths of the surveyed executives said that their companies' profits in Britain had matched or exceeded their expectations, and nine out of ten said that their British results were as good as or better than those of their subsidiaries in other countries. About 70 per cent of the companies said that they were sufficiently pleased with their British operations to be planning further investment.

Survey results (per cent)

How performance matches expectations	
Better than expected	43
As expected	40
Less well	15
Don't know	2
How British results compare with those in other countries	
Very well	43
Well	24
Comparable	20
Less well	9
Don't know	4
Companies planning further investment	
Yes	70
No	24
Don't know	6

[1] *Inward Investment in the U.K. A Market Report.* Available free from the Invest in Britain Bureau, Kingsgate House, 66-74 Victoria Street, London SW1E 6SW.

The Workforce

The company executives were nearly all in agreement that labour relations in Britain had improved, many of them attributing the improvement to government legislative reforms (see p 377, 1987). The executives found the workforce to be positive in other respects as well, although a majority of them said that there was a shortage of graduate engineers. Some 59 per cent said that British workers have flexible attitudes and are willing to take the initiative when faced with a problem. Nearly all the respondents agreed that labour costs in Britain are low.

Survey results (per cent)

Improved industrial relations		*Workforce works well under foreign management*	
Yes	96	Yes	65
No	0	No	14
No view	4	No view	21
Skilled workforce		*Graduate engineer shortages*	
Yes	67	Yes	69
No	25	No	14
No view	8	No view	17
Unionisation		*Unionisation in companies locating in Britain since 1970*	
No union	56	No union	68
Single union	21	Single union	18
Two unions	9	Two unions	7
More than two	14	More than two	7

Economic Background

Nearly all the surveyed companies agreed that the economic environment in Britain was secure and stable, and that the Government had been successful in creating an atmosphere in which companies could thrive. However, a majority of companies also commented unfavourably on exchange-rate volatility and high interest rates.

Over two-thirds of companies believed that inflation in Britain was low and under control, and three-quarters said that Britain provided a good environment for new growth industries.

Two-thirds agreed that Britain had high quality local suppliers.

Survey results (per cent)

Inflation in Britain low and under control		*Good environment for growth industry*	
Agree	68	Agree	74
Disagree	24	Disagree	19
No view	8	No view	77

Britain has high quality local suppliers	
Agree	68
Disagree	20
Don't know	12

Exports

Four-fifths of non-European companies surveyed agreed that Britain was an effective base from which to export to the rest of Europe, and offered excellent

access to the European Community. They also agreed generally that shipping and air links were fairly priced; about half of them said that shipping costs were cheap.

Nine out of ten companies exported from their British base, and a quarter of them exported between 50 and 100 per cent of their British output. About 86 per cent said they exported to Western Europe; about half to the Middle East; and about 40 per cent of them exported to the Far East, to North America and to Africa.

Survey results (per cent)

Good access to Europe (non-European companies)		*Transportation costs to Europe low*	
Agree	79	Agree	50
Disagree	10	Disagree	31
No view	11	Don't know	19

Proportion exported	
Exporting up to 100 per cent	9
Exporting up to 75 per cent	16
Exporting up to 50 per cent	19
Exporting up to 25 per cent	18
Exporting up to 10 per cent	29
Not exporting	9

Taxes and Government Assistance

A majority of the surveyed companies said that British tax policies were favourable rather than unfavourable to industry, and agreed that corporate taxes were low. For the most part they also said that government agencies were quick, helpful and efficient in responding to the needs of inward investors.

Just over half of companies said that the grants and incentives offered by Britain were good, and 56 per cent of them were actually receiving government assistance. Of companies with sales in excess of £100 million, 74 per cent were receiving such assistance.

Britain offers a competitive range of financial incentives	
Agree	53
Disagree	26
Don't know	21

Airlines and Competition

British Airways Plc has acquired a controlling interest in British Caledonian Group plc. The Monopolies and Mergers Commission had previously concluded that the proposed acquisition would not be expected to operate against the public interest.

Following a July 1987 bid, in share terms worth £237 million, by British Airways for British Caledonian, in August the Department of Trade and Industry referred the merger for investigation by the Monopolies and Mergers Commission, which issued its report on 11 November.[1] Following the report British Airways modified its bid for British Caledonian, while another offer was received by British Caledonian from Scandinavian Airlines System for the purchase of a substantial stake in the company. Subsequently British Airways raised its bid and announced on 21 December 1987 that the board of British Caledonian had recommended shareholders to accept the revised offer of £12·15 a share and that British Airways had acquired 50·02 per cent of British Caledonian's issued share capital, valuing the airline at some £250 million.

MONOPOLIES AND MERGERS COMMISSION REPORT

Background

British Airways' main activity is the operation of international and domestic scheduled air services. Services are operated to some 145 destinations in 68 countries, and in 1986 the airline carried some 12·6 million passengers on international scheduled services and 4·4 million on internal scheduled services, making it the world's largest carrier of international scheduled passengers and the ninth largest of international and domestic scheduled passengers combined. In 1986-87 it carried 291,000 tonnes of cargo (including mail) in the holds of scheduled passenger aircraft, and in 1986 its wholly owned charter subsidiary, British Airtours, carried 2·6 million charter passengers. At the end of March 1987 British Airways and British Airtours had 164 aircraft, while a further 22 were on order. Early in 1987 the airline was privatised (see pp 98-9, 1987).

British Caledonian Group plc is the holding company for a group of which British Caledonian Airways is the principal subsidiary. As well as domestic services from Gatwick to five other airports, it operates to 32 destinations in Africa, Europe, North America, the Middle East and the Far East, with all its international flights leaving from Gatwick where it is the largest user. In 1986 it carried 2·4 million passengers on scheduled services, making it the fifty-sixth largest scheduled carrier in the world and the fifteenth largest in Europe, while it carried 76,600 tonnes of cargo (including mail) in the holds of scheduled aircraft. Cal Air (a jointly owned company with The Rank Organisation PLC) operates charter services, carrying about 1 million passengers in 1986.

Airline Industry

The report says that British airlines carried some 45 million passengers in 1986, when revenues exceeded £4,000 million, and employ over 50,000 staff in Great Britain. The industry has grown at over 6 per cent a year in the last 20 years, with the charter market growing fastest (with a 78 per cent increase in passengers between 1977 and 1986), while domestic scheduled services and international scheduled services also increased significantly in this period, by 66 and 43 per cent respectively. Nevertheless, Britain's airline industry remains small compared with that of the United States and accounts for 3 per cent of the world's scheduled air passengers.

[1] *British Airways Plc and British Caledonian Group plc: a report on the proposed merger.* Cm 247. Monopolies and Mergers Commission. HMSO, £7·40. ISBN 0 10 102472 X.

British Airways (including British Airtours) already accounts for some 60 per cent of the capacity of British airlines in terms of available tonne-km and British Caledonian (together with Cal Air) for a further 15 per cent. Their share of capacity of scheduled services on this measure is somewhat higher, at 75 and 18 per cent respectively. The report says that there are noticeable differences in the pattern of operation between these two airlines and the other significant airlines, most of which are primarily charter companies.

The most recent statement of government policy on airline competition was a White Paper issued in 1984 (see pp 378-80, 1984), which set out objectives including the promotion of competition in all markets and the encouragement of a sound and competitive multi-airline industry. The Government secured agreement between British Airways and British Caledonian for a limited exchange of routes. However, British Caledonian's traffic has been adversely affected in recent years by a number of factors, for example, a decline in traffic on routes to Saudi Arabia and to Houston in the United States, reflecting the fall in world oil prices, and in the year ended October 1986 the group incurred a substantial loss. By the beginning of 1987 it had accepted that some form of association with British Airways was the best solution to its increasingly difficult position.

Conclusions

The Commission identified a number of possible detrimental effects arising from the proposed merger as originally presented: the removal of competition between the two airlines would leave some routes on which there would be little competition for the merged airline; a merged airline would occupy a very powerful market position; it might present a threat to charter operations at Gatwick as a result of holding a large number of take-off and landing slots there; and it might withhold from competing airlines facilities for maintenance, repairs and training at present provided by British Caledonian. On the other hand a number of important beneficial effects were identified, including a strengthening of British Airways' ability to compete with major overseas airlines worldwide; financial savings through, for example, more efficient and flexible use of aircraft and crews, and the rationalisation of fleets; and the removal of any possible risk arising from an enforced liquidation or splitting of the British Caledonian Group.

However, the report says that the Commission also took into account various proposals put forward by British Airways in connection with the proposed merger. These included an undertaking that, within one month of acquiring a controlling interest in British Caledonian, it would return all that airline's licences to operate domestic routes, together with the licence to operate routes between Gatwick and Paris, Brussels and Nice, and licences from Gatwick to seven European destinations for which a licence was held but not operated; and withdraw appeals by British Caledonian against a grant by the Civil Aviation Authority (CAA) to Air Europe of licences to operate between Gatwick and eight European cities. The undertaking would allow British Airways to retain its right to apply to the CAA for the reissue of the licences returned, but its application would be considered on the same basis as for any other route. Subject to this latter right, British Airways would not oppose any application for a licence to operate in competition with the merged airline on any route on which the existing services of the two airlines would not be artificially constrained by intergovernmental agreements. British Airways believed that this would apply at present to the following routes where dual or multiple designation is available; all domestic routes; all routes within Western Europe, except to Italy and possibly Portugal; all routes to the United States and Canada; and all routes to the United Arab Emirates, Qatar and Bahrain. This list would be extended as the Government increased the number of more liberal agreements negotiated with other countries.

Other undertakings included a submission by British Airways to a review by the CAA of all routes at present operated by British Caledonian, excluding those to be returned, for the purposes of assessing whether further British competition would be desirable; the surrender by British Airways of a minimum of 5,000 slots at Gatwick; and the continued availability of maintenance and repair facilities provided for other airlines by British Caledonian.

The Commission says that the effect of the modified proposals is to reduce very considerably the possible effects on competition originally identified through the return of licences and slots – if none of the licences to be returned is reissued to British Airways, this would involve the surrender of nearly 20,000 of the 33,500 slots at Gatwick currently used by British Caledonian and Cal Air, thus modifying substantially the position of the merged airline at Gatwick. Opportunities for the growth and development of other airlines would be increased and the risk of predatory or anti-competitive conduct by the merged airline reduced. After assessing the balance between advantages and harmful effects of the merger proposals as finally developed, the Commission concludes that the merger may be expected not to operate against the public interest.

Government Statement

A statement on the Commission's recommendations was made by the Secretary of State for Trade and Industry, Lord Young, in the House of Lords on 11 November (*Hansard* [*HL*], Vol 489, No 33, cols 1371-3). Lord Young reported the Commission's conclusions and said that, in the absence of a finding by the Commission that the proposals would operate against the public interest, there were no powers for him to take action on the report. However, he had made it clear that, if the merger were to go ahead, he expected British Airways' undertakings regarding the proposals 'to be implemented in full'. If concern did then occur about airline competition, there were powers available under the competition legislation. The Secretary of State for Transport and the CAA also had powers for the regulation of civil aviation and, if the merger proceeded, the chairman of the CAA had undertaken to report to the former one year later about implementation of the merger on the basis proposed.

Monitoring Arrangements

On 5 January Lord Brabazon of Tara, Parliamentary

Under-Secretary of State at the Department of Transport, requested the CAA to implement agreed monitoring procedures to ensure that the merger proceeded on the basis proposed by British Airways to the Monopolies and Mergers Commission (see above). He expressed himself content with the arrangements, submitted to the Secretary of State on 1 December 1987, that British Airways had in mind for putting the safeguard proposals into effect. The CAA is asked to report by 21 December 1988.

Family Expenditure Survey

Average weekly household expenditure in 1986 was £185·02, almost 14 per cent higher than in 1985, according to the *Family Expenditure Survey 1986*, published on 30 December 1987.

The report[1] is the latest in an annual series which has been in continuous operation since 1957, following an earlier survey in 1953-54, covering the expenditure of private households. It is based on a response from over 7,000 private households from the whole of Britain. The survey is spread over the year and provides comprehensive information about incomes and expenditure, including regular payments such as rent and rates and details of the households' day-to-day expenditure for 14 consecutive days.

Average weekly expenditure per person in 1986 was £72·46, representing an increase on 1985 spending of 11 per cent in real terms, but there were wide variations between households. The 20 per cent of households with the lowest incomes spent £42·99 per person, 59 per cent of the average for all households, while the 20 per cent with the highest incomes spent £105·72 per person, 46 per cent more than the average. The higher-income households were generally much bigger, with on average more than twice as many members as the lowest 20 per cent. Households consisting of one retired person mainly dependent on state pension reported average spending of £51·95 per week. Retired households consisting of a man and a woman mainly dependent on state pensions reported a figure of £91·08. Households with one adult and one child spent an average of £104·41 per week and those with one adult and more than one child £131·64. Households consisting of one man and one woman with two children spent a weekly average of £236·87. At the top of the expenditure scale were larger households, comprising at least four adults and one or more children (average size 5·82 people), who spent an average of £381·51 per week.

Average weekly expenditure in households where the head was employed in an administrative or managerial occupation was £287·92, compared with £159·43 in those with an unskilled manual head of household. Where the head of household was an employee out of a job the average weekly household expenditure was £167·31, compared with £233·32 for households with employee heads currently employed. Spending by the former group as a percentage of spending by the latter groups rose from 63 per cent to 72 per cent between 1985 and 1986. Average weekly expenditure of households where the married woman was working was £261·82, about 27 per cent higher than where the married woman was not working.

Household spending varied in different parts of the country. For the two-year period 1985-86 average weekly expenditure per household ranged from £146·59 in the Northern region (16 per cent less than the national average of £173·89) to £200·62 in Greater London and £211·77 in the rest of the South East (15 and 22 per cent, respectively, above the national average). Expenditure on housing was comparatively low in Northern Ireland, Wales, Scotland and the Northern region, and high in the South East. Spending on fuel, clothing and footwear in Northern Ireland was higher than elsewhere, though to some extent this reflected the above-average household size. Expenditure on transport and vehicles was highest in the South East (particularly outside Greater London), but comparatively low in the Northern region, while spending on services was highest in the South East and lowest in the Northern region and Northern Ireland.

Just under a fifth of total household expenditure in 1986 was on food, and there has been a fairly continuous fall in this proportion since 1953-54, when it was about a third. Fuel, light and power accounted for 5·6 per cent in 1986, compared with 6·1 per cent in 1985, and clothing and footwear for 7·8 per cent (7·3 per cent in 1985) (see table).

Patterns of Household Expenditure

	Percentage
Housing (net)	16·4
Fuel, light and power	5·6
Food	19·3
Alcohol and tobacco	7·0
Clothing and footwear	7·8
Household and other goods	16·1
Transport and vehicles	14·9
Services and miscellaneous	12·9
Total	100

In 1986 there was an increase in the availability of central heating, which was found in 70 per cent of households, compared with 69 per cent in 1985, 66 per cent in 1984 and 54 per cent in 1978. There was also an increase in the distribution of freezers (or fridge freezers) which were present in 69 per cent of households (67 per cent in 1985). The proportion of households with the use of a car or van was 62 per cent in 1986, with 18 per cent having the use of two or more vehicles, much the same as in 1985. The availability of durable goods is also analysed by household income and tenure for 1986 and by region for the two-year period 1985-86. In the Northern region 52 per cent of households had the use of a car or van in 1985-86, while in the South East (excluding Greater London) the figure was 74 per cent. There was an increase in the availability of video recorders in 1986 when they were found in 36 per cent of households, compared with 30 per cent

[1] *Family Expenditure Survey 1986*. Department of Employment. HMSO, £15·90. ISBN 0 11 361303 2.

in 1985, and were most likely to be present in households of four or more adults with one or more children (70 per cent of such households had video recorders compared with 56 per cent in 1985).[1]

Shorter Notes

RATE SUPPORT GRANT

The Government has announced the 1988-89 rate support grant settlements[2] for England and Wales.

In England, local authority relevant expenditure (expenditure taken into consideration when fixing grant) has been set at £29,846 million. Aggregate Exchequer grant will amount to £13,775 million (46 per cent of relevant expenditure, as in 1987-88). Specific grants (for, among other things, law and order, housing improvement and the Urban Programme) will total £3,367 million, transport supplementary grant £191 million and national parks supplementary grant £8 million, leaving £10,209 million for rate support grant. Of this, domestic rate relief grant is £727 million and block grant £9,482 million.

In Wales, relevant expenditure has been fixed at £1,894 million. Aggregate Exchequer grant will be £1,256 million (66 per cent of relevant expenditure, compared with 67 per cent in 1987-88). Specific grants will amount to £219 million, transport supplementary grant £20 million and national parks supplementary grant £3 million, leaving £1,015 million for rate support grant. With domestic rate relief grant amounting to £27 million, block grant comes to £988 million.

Sources: *Local Government Finance (England): The Rate Support Grant Report (England) 1988-89.* Department of the Environment and Department of Transport. HMSO, £6·80. ISBN 0 10 216388 X; *Local Government Finance (Wales): The Welsh Rate Support Grant Report 1988-89.* Welsh Office. HMSO, £5. ISBN 0 10 214288 2.

INNER CITIES

It was announced on 18 December 1987 that the Chancellor of the Duchy of Lancaster, Mr Kenneth Clarke, will take responsibility, under the Prime Minister, for the co-ordination of government action on inner cities, and provide a focus for the presentation of those policies, in addition to his duties in respect of the Duchy of Lancaster and at the Department of Trade and Industry. Mr Clarke will be available as the initial point of contact for private sector companies wanting to offer support for government inner city policies. There is no change in the departmental responsibilities of Ministers with programmes which are involved in inner city regeneration. These programmes will continue to be the responsibility of the Secretaries of State concerned and administered by their departments. The main departments involved are the Department of Trade and Industry, the Department of the Environment and the Department of Employment.

Source: Prime Minister's Office press notice, 18.12.87.

URBAN DEVELOPMENT CORPORATIONS

The Government's decision to set up three new Urban Development Corporations, in Bristol, Leeds and Central Manchester, was announced by the Secretary of State for the Environment, Mr Nicholas Ridley, in the House of Commons on 7 December 1987 (*Hansard*, Vol 124, No 59, written answers, cols 19-20). The Black Country Development Corporation, set up earlier in 1987, will also be extended to take in parts of Wolverhampton. The new 'mini' Urban Development Corporations will be modelled on the six Corporations already established in England, but they will be based on smaller areas, from 100 to 650 hectares (250 to 1,600 acres), and have budgets of up to £15 million over four or five years.

Mr Ridley said he had been greatly encouraged by the achievements of the first two Urban Development Corporations in London Docklands and Merseyside, and by the enthusiastic progress already being made by those established earlier in 1987. They were clearly demonstrating 'the rapid progress which can be made with a single-minded approach to urban regeneration'. He had every confidence that these proposals would lead to similar achievements in Bristol, Leeds, Manchester and Wolverhampton, areas chosen because they all had significant amounts of derelict and disused land and vacant buildings. The task of each Corporation would be to bring about the regeneration of its area by bringing sites and buildings back into productive use.

Under the Local Government Planning and Land Act 1980 (see pp 69-70, 1980), an Urban Development Corporation has general powers to acquire, hold, manage, reclaim and dispose of land, to carry out building and other operations, and to support the provision of roads and other infrastructure. The London Docklands Development Corporation and the Merseyside Development Corporation were set up in 1981. The other four Urban Development Corporations in England, set up in 1987, are on Teesside, in Tyne and Wear, at Trafford Park in Greater Manchester, and in the Black Country in the West Midlands (see p 337, 1986). In Wales the Cardiff Bay Development Corporation was also established in 1987 (see p 33, 1987).

Source: Department of the Environment press notice, 7.12.87.

[1] For another estimate of the distribution of consumer durables as found by the General Household Survey in 1985 see pp 27-8.

[2] Rate support is a system whereby central government supplements the finances for current expenditure of local authorities (about one-third of which are derived from rates – local property taxes) so that they can provide services for which they are responsible to similar standards while reducing disparities in their rates. With the enactment of the Local Government Finance Bill (see pp 17-18), the system of local government finance will be changed substantially.

NEW BRITISH COINS

The Government has decided to introduce new 5p and 10p coins that will be lighter and smaller than the existing versions. Announcing the decision, the Chancellor of the Exchequer, Mr Nigel Lawson, said that the 5p coin would be replaced, probably in 1991, by a coin similar to the old sixpence (a pre-decimal coin, with a value equivalent to 2·5p in the decimal coinage system introduced in 1971). The new 10p coin would be issued two or three years later and would be similar in size to the existing 5p coin. The new coins would have the same designs as the present ones, but precise specifications would be announced after consultations with representatives of blind people and of the manufacturers of coin-operated machines. These decisions had been taken following responses to a consultation document published last July (see p 284, 1987) and reflected the majority viewpoint. The existing coins (of which there are 2,000 million 5p coins and 1,500 million 10p coins in circulation) will be withdrawn after the new coins are issued.

Mr Lawson also announced that Bank of England £1 notes would cease to be legal tender on 11 March 1988. The issue of such notes was discontinued (see p 447, 1984) following the introduction of the £1 coin in April 1983. Currency which ceases to be legal tender remains payable at the Bank of England, but the Bank cannot undertake to exchange notes through the post. The status of £1 notes issued by Scottish banks is unaffected.

Sources: *Hansard,* Vol 124, No 68, written answers, col 652; HM Treasury and Bank of England press notices, 17.12.87.

GROWTH IN VENTURE CAPITAL

The growth of Britain's venture capital industry (see p 350, 1985, and p 278, 1987) is estimated to have continued during 1987. Speaking at a venture capital conference in London on 3 December 1987, the Financial Secretary to the Treasury, Mr Norman Lamont, said that venture capital funds had raised some £620 million in the first nine months of 1987 alone, according to private sector estimates, compared with £250 million in 1986 and some £280 million in 1985. Britain's venture capital industry accounted for 40 per cent of venture capital funds invested in the European Community.

While there had been a major downward adjustment of share markets in the final quarter of 1987 (see pp 367-70, 1987), this had not harmed the basic strength of industry, and it was even possible that the fall in share prices could stimulate some parts of the venture capital industry – particularly in the growing field of management buy-outs.

Referring to the wide range of measures which the Government had introduced in order to improve the environment for small businesses (which the venture capital industry exists to promote), Mr Lamont said that the Business Expansion Scheme (see pp 118 and 133, 1983) had led to the raising of £150 million a year of equity capital for small businesses which would not otherwise have been available.

Source: HM Treasury press notice, 3.12.87.

OVERSEAS TRADE STATISTICS

Fundamental changes in the documentation affecting Britain's overseas trade came into effect on 1 January. The two most important were the introduction throughout the European Community of a form – the Single Administrative Document (SAD) – to replace over 100 existing customs declaration forms and the adoption of a new, integrated customs tariff.

The SAD will considerably reduce the administrative burden on traders and is seen as an important step in the creation of a single market in the Community (see pp 8-9).

The new tariff differs from the old in two main respects. First, the harmonised commodity description and coding system, which is expected to be adopted by the major trading nations, introduces a new set of descriptions and codings to meet the needs of international trade more satisfactorily than previously. Secondly, the new tariff combines the nomenclature and codings of the Community's common customs tariff with those of its trade statistics system.

The Minister for Trade, Mr Alan Clark, has warned that some traders might be unfamiliar with the new procedures and classification system in the first few months after adoption and that there might be a temporary drop in the quality of the trade statistics. However, he expressed optimism that all parties concerned would co-operate in ensuring a smooth transition to the new arrangements, whose main purpose was to facilitate trade.

In a separate development, the threshold value for overseas trade statistics was raised from £475 to £600 from 1 January. Trade statistics do not have to be compiled for goods below the threshold value and traders may follow simplified export and import procedures.

Sources: HM Customs and Excise press notices, 3.12.87; *Hansard,* Vol 124, No 59, written answers, cols 34-5.

DISTRIBUTION OF INCOME

Details of trends in household income up to 1984-85 show that, in that year, the top 10 per cent of tax units (married couples or single people over school-leaving age not at school) accounted for 29·5 per cent of total pre-tax income (up from 28·3 per cent in 1981-82). Their share of total post-tax income in 1984-85 was 26·5 per cent, having been 25·6 per cent in 1981-82. The share of pre-tax income of the bottom 10 per cent rose from 2 to 2·3 per cent over the period and their share of post-tax income from 2·4 to 2·7 per cent. Over the longer term, the share of pre-tax income of the top 1 per cent fell steadily from

11·2 per cent in 1949 to 5·3 per cent in 1978-79. The downward trend was reversed in 1981-82 and by 1984-85 the share had increased to 6·4 per cent. The share of the lower 50 per cent has remained between 23 and 24 per cent for most of the period since 1949.

Income tax as a percentage of pre-tax income fell from 17 per cent in 1981-82 to 16 per cent in 1984-85. In the later year income tax for the top 1 per cent amounted to 36 per cent of pre-tax income; no income tax was paid by the bottom 20 per cent.

In 1984-85 income from employment was by far the most important component of total pre-tax income, making up 64 per cent. Self-employment accounted for 8 per cent, investment for 7 per cent and pensions, annuities and benefits for 21 per cent. For the top 25 per cent employment accounted for 75 per cent of pre-tax income, self-employment for 10 per cent, investment for 8 per cent and pensions, annuities and benefits for 8 per cent; for the bottom 25 per cent the figures were 23 per cent, 1 per cent, 8 per cent and 67 per cent respectively.

Between 1981-82 and 1984-85 average income before tax rose by 24 per cent, from £6,050 to £7,520. The increase after tax was from £5,020 to £6,340 – a rise of 26 per cent. The top 1 per cent experienced a pre-tax increase of 33 per cent and a post-tax increase of 35 per cent; for the lower 50 per cent the figures were 23 per cent and 25 per cent respectively.

Measured at constant, 1980 prices, household disposable income per head rose by 5·5 per cent between 1981 and 1984, from £2,573 to £2,714.

Source: *Economic Trends*, November 1987. Central Statistical Office. HMSO, £9·25. ISBN 0 11 620273 4.

DESIGN CONSULTANCY IN BRITAIN

A report on Britain's design consultancy industry published by the Design Council in association with the Chartered Society of Designers says that it is one of the most dynamic areas of the economy, with a high rate of business creation. The report is based on a 1987 survey of 211 companies, half of which were founded in the 1980s and only 39 per cent of which were more than ten years old. Acknowledgement is made of the role of the Government in drawing the attention of industrialists to the importance of design and in providing a £25 million subsidy between 1982 and 1987 for design consultancy for small and medium-sized firms (see pp 356-8, 1985).

Turnover of the design consultancy industry was nearly £1,100 million in 1985, about three times higher than in 1980. Profits more than trebled over the same period to £155 million. Export earnings represent about 12 per cent of turnover.

The industry comprises some 2,700 firms, employing nearly 30,000 people. Most consultancies are quite small, with an average size of 11 people, although the commonest size is in the one to five range. Some 85 per cent are owned by the people who run them, and only 4 per cent are publicly quoted.

The main sectors of design work are interiors/exhibitions (35 per cent), products/engineering (29 per cent) and graphics (21 per cent). Some two-thirds of companies are either multi-disciplinary in their approach or have a core discipline and diversify into others; only a third tend to concentrate on one area of work. A study of the firms' clients suggests that there is a link between growth sectors and the use of design consultancy. The more common users were computer manufacturers, retailers, and people providing leisure and financial services. The least frequent were transport services, agriculture, education and trade unions.

Design consultancies tended to have quite high levels of investment in information technology, such as word processors (67 per cent of the sample), computerised accounts (54 per cent) and facsimile machines (48 per cent). Overall 75 per cent had computers and 84 per cent some form of information technology. Even among the smallest firms (one to five staff) nearly half used a computer for word processing and a quarter used one for accounts.

The report says that about half the sample expected to increase their staff by more than 50 per cent in the next five years. It is estimated that if recent growth levels are maintained turnover for 1987 could be £1,700 million, with profits of £265 million. By 1992 staff numbers could have more than doubled to 66,300, and export earnings could be approaching £1,000 million.

Source: *British Design Consultancy: Anatomy of a Billion Pound Business.* A report by Beryl McAlhone. Available from the Design Council, 28 Haymarket, London SW1Y 4SU. £25. ISBN 0 85072 226 8.

ROYAL BOTANIC GARDENS: STORM DAMAGE AID

The Government is giving £250,000 to the Royal Botanic Gardens at Kew (west London) to help with tree clearance and replanting after the storm damage in October 1987 (see p 415, 1987). Announcing the aid, the Minister of Agriculture, Fisheries and Food, Mr John MacGregor, said: 'The damage and destruction at the Royal Botanic Gardens was particularly distressing because of the special value of the trees concerned, in scientific, aesthetic and historical terms'.

Under the National Heritage Act 1983 (see p 186, 1983) the Royal Botanic Gardens, with its satellite gardens, Wakehurst Place at Ardingly (West Sussex), became a corporate body under a board of trustees. It continues to be funded predominantly by government grant (£11·1 million in 1987-88) provided by the Ministry of Agriculture, Fisheries and Food.

Some 500 mature trees were destroyed at Kew and an equal number badly damaged. The landscape, especially at Wakehurst Place, is considerably affected because some of the trees lost were over 100 years old and over 30 m (100 ft) high, and it will be many years before replacement trees (where replacement is possible) reach maturity. A process

of collecting, growing trees from seed, replanting and landscape restoration is to be put in hand.

Sources: Ministry of Agriculture, Fisheries and Food press notice, 22.12.87; Royal Botanic Gardens, Kew, press notice, 22.10.87.

RESEARCH CENTRE IN SUPERCONDUCTIVITY

The first University Research Centre in Superconductivity[1] is to be sited at Cambridge University, it was announced in December 1987. The Science and Engineering Research Council (SERC) is to award a grant amounting to £5·3 million over six years to support the Centre. SERC support is expected to last between six and ten years.

There has been worldwide interest over the last few months at the development of ceramic materials that allow superconductivity to take place at much higher temperatures than previously and at correspondingly lower cost. However, a great deal of work remains to be done both in researching the way in which these superconductors work and in material preparation and fabrication.

Source: Science and Engineering Research Council press notice, 16.12.87.

[1]Superconductors are materials that offer zero resistance to electrical current at certain temperatures (see p 302, 1987, for a fuller explanation).

SOCIAL AND CULTURAL AFFAIRS

General Household Survey

Among the main long-term trends shown by the General Household Survey for 1985 are a continuing rise in owner-occupation by households, an increase in cohabitation, and an improvement in dental health.

The General Household Survey,[1] which has been carried out annually by the Office of Population Censuses and Surveys since 1971, is a continuous survey based on interviews with a sample of about 20,000 adults living in private households in England, Scotland and Wales. In the five main subject areas (population, housing, employment, education and health) the survey has followed a policy which aims to balance continuity and flexibility of questionnaire content, so that it may meet both the demand for key data over time and the changing needs of government departments. Certain subjects – for example, leisure and burglary – are covered periodically by the survey. A new section in the 1985 survey was devoted to carers, those people who regularly look after someone who is sick, handicapped or elderly. Data from this section, and from extended sections on the elderly and pension schemes, will be published separately.

Household Size and Composition

One of the main changes in household characteristics since the survey began has been the gradual reduction in average household size, from 2·91 persons in 1971 to 2·56 in 1985. This has been due mainly to an increase in the proportion of one-person households and a decrease in the proportion of large households. Between 1971 and 1985 the proportion of households containing only one person rose from 17 per cent to 24 per cent, and the proportion of households with five or more persons fell from 14 to 8 per cent. In 1985, 12 per cent of adults lived alone, with the proportion rising with age: 58 per cent of women aged 75 or over were living alone, as were 26 per cent of men in this age-group.

Lone Parents

There was an increase during the 1970s in the proportion of families headed by a lone parent, and this trend continued in the early 1980s: in 1985, 14 per cent of all families with dependent children were headed by a lone parent, compared with 13 per cent in 1984 and 8 per cent in 1971. In 1985, 13 per cent of dependent children lived in lone-parent families.

[1] *General Household Survey 1985.* HMSO, £10·70. ISBN 0 11 691214 6.

Ethnic Group

Data on ethnic groups in the survey are drawn from answers to questions put over three years since 1983. Each of the three main ethnic minority groups – Indian, Pakistani/Bangladeshi and West Indian – accounted for about 1 per cent of adults and children in the sample, while a further 1 per cent were classified as belonging to other minority groups, including Chinese, African, Arab and mixed origin. Over half of the people in the West Indian group had been born in Britain, as had one-third of the Indian group and two-fifths of those classified as Pakistani/Bangladeshi. Almost half of the Pakistani and Bangladeshi group were under 16 years of age, compared with just over a fifth of people described as white.

Cohabitation

In 1985, 5 per cent of all women aged 18 to 49 were living with men to whom they were not legally married, compared with 4 per cent in 1984 and 3 per cent in 1979. The proportion of non-married women in this age-group who were cohabiting rose to 16 per cent in 1985, continuing the increase from 11 per cent in 1979 to 14 per cent in 1984. One-fifth of divorced or separated women aged 18 to 49 were cohabiting. The survey shows an increase between the early 1970s and the early 1980s in pre-marital cohabitation: 37 per cent of couples who married between 1980 and 1984 when the woman was under 35 had lived together before marriage, compared with 12 per cent of similar couples who married between 1970 and 1974. Pre-marital cohabitation was particularly common among women aged 25 to 34 at marriage who had been married before or whose partners had been married before: three-quarters of such couples who married between 1980 and 1984 had lived together before marrying.

Housing

The proportion of households owning their homes has continued to rise, reflecting one of the major trends in housing tenure since the survey began. In 1985, 61 per cent of households owned their homes (37 per cent with the help of a mortgage), compared with 59 per cent in 1984 and 49 per cent in 1971, whereas the proportion of households renting their homes from a local authority fell from 34 per cent in 1981 to 28 per cent in 1985; these changes can be attributed in part to the effects of 1980 legislation which gave many local authority tenants the right to buy their homes.

Consumer Durables

The availability of consumer durables[1] continued to increase, with a particularly marked growth in the proportion of households with video recorders, rising from 24 per cent in 1984 to 31 per cent in 1985, and with home computers, from 9 per cent in 1984 to 13 per cent in 1985. The proportion of households with central heating increased from 66 per cent in 1984 to 69 per cent in 1985, while the proportion of those with a colour television rose from 83 to 86 per cent. Telephones were available in 81 per cent of households in 1985, as against 78 per cent in 1984, and 66 per cent of households owned deep freezers, compared with 61 per cent in 1984.

Health

During the 1970s and the early 1980s the proportion of people who said they had a long-standing illness tended to increase: from 20 per cent of men and 21 per cent of women in 1972 to 31 per cent of men and 33 per cent of women in 1983. In 1984 these proportions fell for the first time since the survey began and this decline continued in 1985, when 29 per cent of men and 31 per cent of women said they had a long-standing illness. The Survey says that, as these data were based on people's subjective assessments of their health, it is too early to conclude that the decline between 1983 and 1985 is a long-term downward trend. There was very little change between 1982 and 1985 in the proportion of adults who had private hospital treatment. In 1985, 3 per cent of outpatient visits were paid for privately, and 5 per cent of overnight stays, compared with 2 and 5 per cent respectively in 1982.

Dental Health

Questions on adult dental health were included in the 1983 General Household Survey and repeated in the 1985 survey, covering two basic indicators of dental health – the loss of all natural teeth and whether people attended the dentist regularly. Comparison with earlier dental health surveys showed a steady decline in the proportion of people who had lost all their teeth. In England and Wales the proportion of adults with no natural teeth fell from 37 per cent in 1968 to 22 per cent in 1985. In Scotland the proportion fell from 44 per cent in 1972 to 32 per cent in 1985. The proportion of adults who said they went to the dentist for a regular check-up rose from 40 per cent in 1968 to 50 per cent in 1985 in England and Wales, and, in Scotland, from 33 per cent in 1972 to 45 per cent in 1985. The 1985 survey also included questions on children's dental health, and found that the majority of children had visited a dentist, with most being taken for a check-up rather than because of trouble with teeth.

Human Fertilisation and Embryology

A White Paper setting out the Government's proposals for legislation on the issues considered by the 1984 Warnock Report on Human Fertilisation and Embryology was published on 26 November 1987. In it the Government accepts that infertility treatments of fundamental ethical concern, like *in vitro* fertilisation or artificial insemination by donor, should come under statutory controls, and on embryo research it proposes to give Parliament a free vote on alternative clauses on whether such research should be banned or allowed under strict controls. If implemented, these proposals, which are to be introduced in the present Parliament, would constitute one of the most comprehensive and wide-ranging pieces of legislation on these issues in the world.

Background

The birth of the world's first 'test-tube baby' in Britain in 1978, using the technique of *in vitro* fertilisation, opened up new horizons for the alleviation of infertility and for the science of embryology, but also gave rise to unease at the apparently uncontrolled advances of science and the new possibilities of manipulating the early stages of human development. In view of this public concern, a committee of inquiry was established in 1982 under the chairmanship of Baroness Warnock to examine the social, ethical and legal implications of developments in this field. The committee reported in 1984, concluding that certain specialised forms of infertility treatment, including artificial insemination by donor and *in vitro* fertilisation, were ethically acceptable, but that surrogate motherhood (the practice whereby one woman bears a child for another) organised by agencies should be prohibited; that research on human embryos was acceptable, but only up to the fourteenth day after fertilisation; and that a licensing authority should be established to regulate infertility services and research (see pp 323-5, 1984).

Following the first birth to be arranged by a commercial surrogacy agency in Britain in January 1985, legislation to ban commercial surrogacy agencies, and advertising of or for surrogacy services, was passed later that year (see pp 165-6, 1985). No clear view had emerged on many of the other issues, however, and the Government, deciding that more detailed consultation was necessary before legislation could be introduced, published a Green Paper in December 1986 (see p 41, 1987). At the end of the official consultation period, in June 1987, the Government reaffirmed its commitment to legislate on these issues in the present Parliament.

Ministerial Statement

Introducing the White Paper[1] in a statement to the House of Commons on 26 November (Hansard, Vol 123, No 54, cols 330-1), the Minister for Health, Mr Tony Newton, said that the aim of the Government's proposals was to make the legislation sufficiently flexible to meet the concerns felt by people about the new reproductive technologies, while recognising the benefits they could bring.

The Minister said that the White Paper described alternative draft clauses on embryo research – one banning it, the other allowing it under strict controls

[1]For another estimate of the distribution of consumer durables, as found by the Family Expenditure Survey in 1986, see pp 22-3.

[1]*Human Fertilisation and Embryology: A Framework for Legislation.* Cm 259. HMSO, £3·30. ISBN 0 10 102592 0.

– on which Parliament would have a free vote when the Bill was introduced. Even if the principle of embryo research were accepted by Parliament, certain areas of research, including genetic manipulation of the embryos and creation of hybrids, would be prohibited under the proposed legislation.

The Government accepted the principal recommendation in the Warnock Report that a statutory licensing authority, independent of Government, should be set up to regulate certain infertility treatments including *in vitro* fertilisation and artificial insemination by donor, and, if Parliament permitted it, research involving human embryos. The statutory licensing authority would have a lay chairman and a membership with wide-ranging interests, including substantial lay representation. Those wishing to carry out *in vitro* fertilisation, artificial insemination by donor and other regulated treatments would need, by law, a licence from the statutory licensing authority.

The Government had already banned commercial surrogacy agencies, and it now proposed to make clear in law that surrogacy contracts were unenforceable in the courts. It did not at present propose to extend the criminal law any further in this field of surrogacy, but intended that the statutory licensing authority should be asked to examine the practice of surrogacy so that Parliament could review the situation from time to time on the basis of informed advice.

The White Paper made proposals on a wide range of other issues including the storage of human gametes and embryos; counselling of couples undergoing treatment; the legal status of children born as a result of gamete or embryo donation, and the provision of information to children born of these techniques.

In conclusion Mr Newton expressed the hope that the House of Commons would have an opportunity to debate the White Paper proposals in early 1988.

Health and Medicines Bill

The Health and Medicines Bill, which has received its second reading in the House of Commons, enables health authorities to raise additional funds for patient care, introduces a compulsory retirement age of 70 for National Health Service doctors and dentists, introduces charges for dental examinations and eye tests, and privatises the statutory body which makes loans for family doctors' surgeries. Its provisions on primary health care would give effect to proposals set out in the White Paper *Promoting Better Health* (see pp 424-5, 1987).

Main Provisions

In order to allow maximum use of private sector funds, the Bill proposes to reconstitute the General Practice Finance Corporation (the statutory body which makes loans for family doctors' surgeries) as a new company outside the public sector and to set up a trust fund to represent the medical profession on the board of the new corporation.

Provision is made to give health authorities greater freedom to generate income, including more flexible powers to set charges for private patients.

The Bill introduces a compulsory retirement age of 70 for NHS doctors and dentists and ends the so-called '24 hour retirement' whereby doctors and dentists can retire at 65, draw their full pension and then resume work after 24 hours without any reduction of pension.

The scope of the community dental service would be broadened and health authorities would be given discretion to redirect the service's resources away from the routine treatment of children – who can be, and for the most part are, looked after in the general dental service – and towards providing health education for children in schools. The Bill proposes levying charges for dental examinations and introducing a system of proportional charges for all types of dental treatment. (Those on low incomes, children, young people in full-time education, pregnant women and nursing mothers would be exempt from examination charges and would continue to be exempt from treatment charges.) It also provides increased powers for the Dental Estimates Board to monitor dental services provided by the NHS and to detect unnecessary treatment and other abuse.

Provisions relating to the general ophthalmic services would confine free NHS sight tests to children, those on low incomes, and certain other priority groups (in all accounting for nearly one-third of such tests), while payments would be made for the repair and replacement of spectacles and other optical appliances for certain disadvantaged groups. To safeguard competition, opticians testing sight would be required to give patients a prescription, if spectacles were needed, so that the patient could 'shop around' for spectacles as can be done now.

The Bill enables those providing family practitioner services to be reimbursed directly for the training costs of any staff they employ; and enables the Secretary of State to allocate specific sums to family practitioner committees and health boards for reimbursing certain expenses incurred by those providing family practitioner services. [These might include, for example, additional practice nurses, counsellors, physiotherapists or chiropodists. In inner-city areas, some practices might wish to recruit interpreters to help people of ethnic minorities whose command of English is limited.]

Other provisions anticipate the integration of the artificial limb and appliance services into the NHS in 1991, by maintaining the continuity of employment to civil servants who choose to transfer to the NHS; amend existing legislation to allow grants to local authorities in England and Wales for training social services staff in a wide range of areas (for example in the field of child abuse); and confirm the legal basis of fees for licences that are issued under the Medicines Act 1971.

PARLIAMENTARY DEBATE

The Bill was given a second reading in the House of Commons on 7 December by 318 votes to 220 (*Hansard*, Vol 124, No 59, cols 31-118).

Government View

Opening the debate, the Minister for Health, Mr Tony Newton, referred to the recent White Paper setting out the Government's strategy and key objectives for primary health care. The Bill paved the way for implementing significant improvements in primary health care, for increasing consumer choice and for improving the quality and quantity of services. It also provided new powers that would make a useful contribution to the further development of hospital and community health services.

As regards the primary health care provisions, Mr Newton said that the Bill's principal aims were to improve standards of care, in particular in the inner cities, and to give greater emphasis to the prevention of ill health. The proposals made in the White Paper for promoting better health would require sizeable additional resources and it was reasonable to secure some of these by asking those who could afford it to meet more of the overall costs of their health care. The proposed charges for dental examinations and eye tests were expected to contribute some £170 million to the additional £600 million that the Government would be spending on primary care services over the next three years. The net result of the proposed dental charges was likely to be the provision of significant ranges of treatment – even with the examination charge – at lower costs than were now incurred; this would offer greater incentives for people to visit the dentist regularly while they still needed modest treatment, rather than leaving huge problems to build up. As regards the proposed charges for eye tests, Mr Newton considered that pressure of competition – which had significanty reduced the prices of, and increased consumer choice for, spectacles following the abolition of free NHS spectacles – would similarly restrain and possibly entirely eliminate the charges for eyesight testing. Opticians would be able to decide what charge to make within a much freer market than existed now.

The proposals to provide financial assistance for practice premises would introduce a more flexible system, giving the local family practitioner committee or health board freedom to determine the priorities for expenditure and enable them to achieve a better spread and balance of services than existed at present – a measure which would be of particular benefit to inner cities and deprived areas.

Similarly, the proposal to give health authorities greater freedom to generate income would enable them to supplement their resources by making, for example, better use of their facilities, provided that this did not in any way interfere with their main duty to provide services to patients under the NHS. They would be able, for example, to take greater advantage of opportunities to lease space to commercial outlets, such as shops and hairdressers; they could sell advertising space in the hospital or at other premises; and they could consider providing completely new facilities, such as health clubs, for which they would make charges. Any such schemes would be monitored by government and by regional health authorities.

Opposition Views

Opposing the Bill, the chief Opposition spokesman on health and social security, Mr Robin Cook, criticised the Government for introducing a Bill that would further reduce spending on the NHS. The provision enabling the Government to allocate specific sums to family practitioner committees for reimbursing certain expenses would for the first time extend cash limits to the family practitioner services. On the proposal to privatise the General Practice Finance Corporation, Mr Cook reminded the House that the Corporation had been set up because general practitioners had had difficulty in obtaining commercial loans to purchase property in areas of poverty and under-privilege. The proposals to introduce charges for dental examinations put the dental service 'on the slipway to an entirely private marketed service'. As regards charges for eye tests, the majority of these were carried out on pensioners, six million of whom would not qualify for a free test. Many of these would simply not go for a test or would not go as often as they should. On the provision to give health authorities greater freedom to generate additional income, Mr Cook said that once hospitals were marketing services, the Government would assume that they were obtaining income from these services, whether or not they were securing that income. It was dishonest to pretend that extra revenue would be available for patient care.

Mr Ronnie Fearn, the Liberal Party spokesman on health and social security, said that while welcoming some of the Bill's proposals his party was opposed to the introduction of charges for dental checks and eye tests. Diseases and illness previously detected by opticians and dentists would remain undetected and in the long run patients would go into hospitals, thus increasing waiting lists. These proposals, together with those for privatising the General Practice Finance Corporation, had not formed part of the consultation process. He asked whether the real objective behind the Bill and the White Paper represented the beginning of a reduction of family practitioner services supplied by the NHS in favour of some form of privatisation of the services.

For the Social Democratic Party Mrs Rosie Barnes also opposed the Bill, saying that while she welcomed much of the Government's attempt to put an increased emphasis on primary health care, she firmly rejected the principle of charging for health care checks. Her party was fully committed to the principle of the NHS being free at the point of use. Charging for these examinations went against the principle of the NHS and of basic preventive medicine – both of which the Bill purported to endorse.

Shorter Notes

REMOVAL OF RESTRICTIONS ON THE EMPLOYMENT OF WOMEN AND YOUNG PEOPLE

The Government plans to extend opportunities for women and young people by removing unnecessary and outdated provisions in protective legislation and ending unjustified discrimination in employ-

ment, as well as outdated restrictions on young people's hours of work and other conditions of employment. Commenting on the plans, which are set out in a consultative document, the Secretary of State for Employment, Mr Norman Fowler, said that the Government's intention was to encourage flexibility in industry and employment and to reduce the administrative burden on employers. The Government wished to preserve safeguards for women and young people at work, but the laws providing for these safeguards should not place restrictions on British industry's ability to compete in domestic and international markets; also, women and young people should be able to participate fully in Britain's growing economic success.

The Government proposes, therefore, to make a number of changes. First, it would amend the Sex Discrimination Act 1975 to ensure that discriminatory actions required by legislation predating the Act would not be lawful unless they were compatible with the European Community equal treatment directive (see p 199, 1986). Secondly, it would repeal or amend legislation that prohibits women from doing certain jobs or sets specific workplace conditions where women are employed.

Legislation restricting young people's hours of work in factories, shops, mines and quarries would be repealed, as would provisions dealing with young people working where processes had become obsolete. The artificial distinction between school-leavers aged just under 16 and those who have passed their sixteenth birthday would also be removed. Moreover, the Government is seeking views whether, in the light of legislation protecting all employees' health and safety, certain other legal provisions which place extra restrictions on the type of work that young people can do are still necessary.

Source: *Restrictions on Employment of Young People and the Removal of Sex Discrimination in Legislation.* Available from Department of Employment, Caxton House, Tothill Street, London SW1H 9NF. £2.

INCENTIVE FUNDING FOR PUBLIC LIBRARIES

An 'incentive funding' scheme to encourage new developments and increase efficiency in public library services in England was announced by the Minister for the Arts, Mr Richard Luce, on 8 December 1987. A sum of £250,000 a year for three years from 1988-89 will be set aside for the scheme and awards will be made to cover up to 40 per cent of a project's costs, subject to specified limits. Priority will be given to activities involving collaboration with other libraries and the public sector. The announcement follows a speech by Mr Luce to the Library Association on 13 October in which he said that although he was committed to the basic library service remaining free he saw much greater scope for private sector involvement. (An incentive funding scheme for the arts was announced in July – see p 244, 1987.)

The scheme will be managed by the British Library Research and Development Department. In 1988-89 awards will be made to two groups of projects: collaborative projects and feasibility and economic studies. Collaborative projects, involving public libraries and other libraries or private sector organisations, would enable new services to be offered or existing services offered more efficiently; provide new technical, management or marketing courses; or provide shared resources or facilities for library support operations or for marketing, sponsorship or other joint activities. Feasibility and economic studies would examine income generating services; contracting out of elements of public library provision; joint public/private sector enterprises or improvements in the provision of existing services.

If the scheme is successful the Government will consider increasing the funds available so that more substantial or longer-term projects can be supported.

Sources: Office of Arts and Libraries press notice, 8.12.87; British Library press notice, 10.12.87.

General

Britain 1988: An Official Handbook. A reference book prepared by the Central Office of Information on behalf of the Foreign and Commonwealth Office. HMSO, £12·95. ISBN 0 11 701272 6.

Government and Administration

Public Bodies 1987. Lists and provides factual information about non-departmental public bodies and National Health Service authorities, nationalised industries and public corporations. HMSO, £8. ISBN 0 11 430025 9.

Statement of Changes in Immigration Rules No 208 (see p 7). HMSO, 85p. ISBN 0 10 220888 3.

Review of the Operation of the Prevention of Terrorism (Temporary Provisions) Act 1984. This review by Lord Colville concludes that there is a continuing need for legislation against terrorism and that the central arrest and detention powers should remain. Cm 264. HMSO, £6·80. ISBN 0 10 102642 0.

Firearms Act 1968: Proposals for Reform (see p 4). Cm 261. HMSO, £2·20. ISBN 0 10 102612 9.

Economic and Scientific Affairs

The Government's Economic Policy: Autumn Statement. First Report from the House of Commons Treasury and Civil Service Committee, Session 1987-88. Together with the Proceedings of the Committee, Minutes of Evidence and Appendices. HMSO, £6·30. ISBN 0 10 219788 1.

Inland Revenue. 129th report of the Commissioners for the period 1st January 1986 to 31st March 1987. Cm 230. HMSO, £11·50. ISBN 0 10 102302 2.

Local Government Finance (England): The Rate Support Grant Report (England) 1988-89 (see p 23). Department of the Environment and Department of Transport. HMSO, £6·80. ISBN 0 10 216388 X.

Local Government Finance (Wales): The Welsh Rate Support Grant Report 1988-89 (see p 23). Welsh Office. HMSO, £5. ISBN 0 10 214288 2.

Public Works Loan Board. 112th Annual Report, 1986-87. HMSO, £4·75. ISBN 0 11 701367 6.

Employment in Britain (offprinted from *Britain 1988: An Official Handbook*). COI, No 131/87.

Discipline at Work – the ACAS Advisory Handbook. Available free from ACAS, 11-12 St James's Square, London SW1Y 4LA. ISBN 0 906073 33 2.

Health and Safety Executive: Annual Report 1986-87. HSE. HMSO, £11·50. ISBN 0 11 883976 4.

Enterprise Zone Information 1985-86: Great Britain. The third Annual Monitoring Report produced by the Department of the Environment finds that a further 9,800 jobs were created in Great Britain's 23 Enterprise Zones in 1986, increasing the total to 63,300, and that the number of firms located in Enterprise Zones increased by almost 500, to a total of 2,802. HMSO, £7·50. ISBN 0 11 752042 X.

An Evaluation of the Enterprise Zone Experiment. A report from the Department of the Environment by PA Cambridge Economic Consultants. It finds that of the jobs established on the zones about 35,000 are there as a direct consequence of the Enterprise Zone policy. Among beneficial effects of the experiment are improvements to the local environment from the supply of modern premises and the clearing of derelict areas. HMSO, £13·50. ISBN 0 11 752038 1.

The Survey of Personal Incomes 1984-85. Gives figures on income tax paid and the distribution of incomes, before and after tax. Board of Inland Revenue. HMSO, £6·95. ISBN 0 11 641376 X.

Family Expenditure Survey 1986 (see p 22). Department of Employment. HMSO, £15·90. ISBN 0 11 361303 2.

General Consumer Council for Northern Ireland. Second Report and Statement of Accounts: 1 April 1986-31 March 1987. HMSO, Belfast, £5·90. ISBN 0 337 09293 1.

Inward Investment in the UK. A Market Report (see p 18). Available free from the Invest in Britain Bureau, Kingsgate House, 66-74 Victoria Street, London SW1E 6SW.

British Design Consultancy: Anatomy of a Billion Pound Business (see p 25). A report by Beryl McAlhone. Available from the Design Council, 28 Haymarket, London SW1Y 4SU. £25. ISBN 0 85072 226 8.

Agriculture in Britain (offprinted from *Britain 1988: An Official Handbook*). COI, No 55/87.

Northern Ireland Agriculture. 46th Annual General Report of the Department of Agriculture. Year ended 31 March 1987. HMSO, Belfast, £9·50. ISBN 0 337 05318 9.

An Extensification Scheme for Cereals and Beef. A consultation document by the agricultural departments. Extensification is the reduction of surpluses through the offer of financial services to farmers to lessen production, in this case of cereals and beef, by at least 20 per cent over a five-year period. The scheme aims not only to reduce the costs of the Common Agricultural Policy both to the European Community and to the taxpayer in Britain, but also to encourage farmers to use land taken out of cereals production for non-agricultural purposes. Fallowing, afforestation, or non-agricultural uses – such as farm tourism, wildlife conservation, sport, and energy crops – are recommended. Available free from Room 420, East Block, Ministry of Agriculture, Fisheries and Food, Whitehall Place, London SW1A 2HH.

Britain's Energy and Natural Resources (offprinted from *Britain 1988: An Official Handbook*). COI, No 75/87.

Energy Efficiency and Public Sector Housing. A practical guide to good practice in promoting energy efficiency in public sector housing, illustrated by case histories. Available free from the Energy Efficiency Office, Thames House South, Millbank, London SW1P 4QJ.

The National Rivers Authority. The Government's policy for a Public Regulatory Body in a Privatised Water Industry. The Government has considered the nearly 500 responses to the policy and consultation paper published in July 1987 (see pp 221-3, 1987), which have broadly welcomed the proposal for a National Rivers Authority (NRA). Bearing in mind these responses, the Government states that the NRA would be constituted immediately after the legislation which would transfer the water supply and sewerage functions of the ten water authorities in England and Wales to utility companies has received the Royal Assent. Department of the Environment, Ministry of Agriculture, Fisheries and Food, and Welsh Office. Available free from Room A441, Department of the Environment, Romney House, 43 Marsham Street, London SW1P 3PY.

Identifying Areas of Strength and Excellence in UK Technology. A report to the Department of Trade and Industry which uses data on United States patents over the period 1975-84 to highlight areas in which Britain's performance compares well with that of its four largest industrial competitors. Available unpriced from the Department of Trade and Industry, Ashdown House, 123 Victoria Street, London SW1E 6RB.

Industrial Air Pollution: Health and Safety 1986. HMSO, £10·50. ISBN 0 11 883975 6.

Population Projections 1985-2025. Gives population projections by age and sex for Britain and constituent countries from 1985. By 2025 the population of Great Britain is projected to have increased by 6 per cent from 56·6 million in 1985 to 60 million. Office of Population Censuses and Surveys. HMSO, £10·20. ISBN 0 11 691207 3.

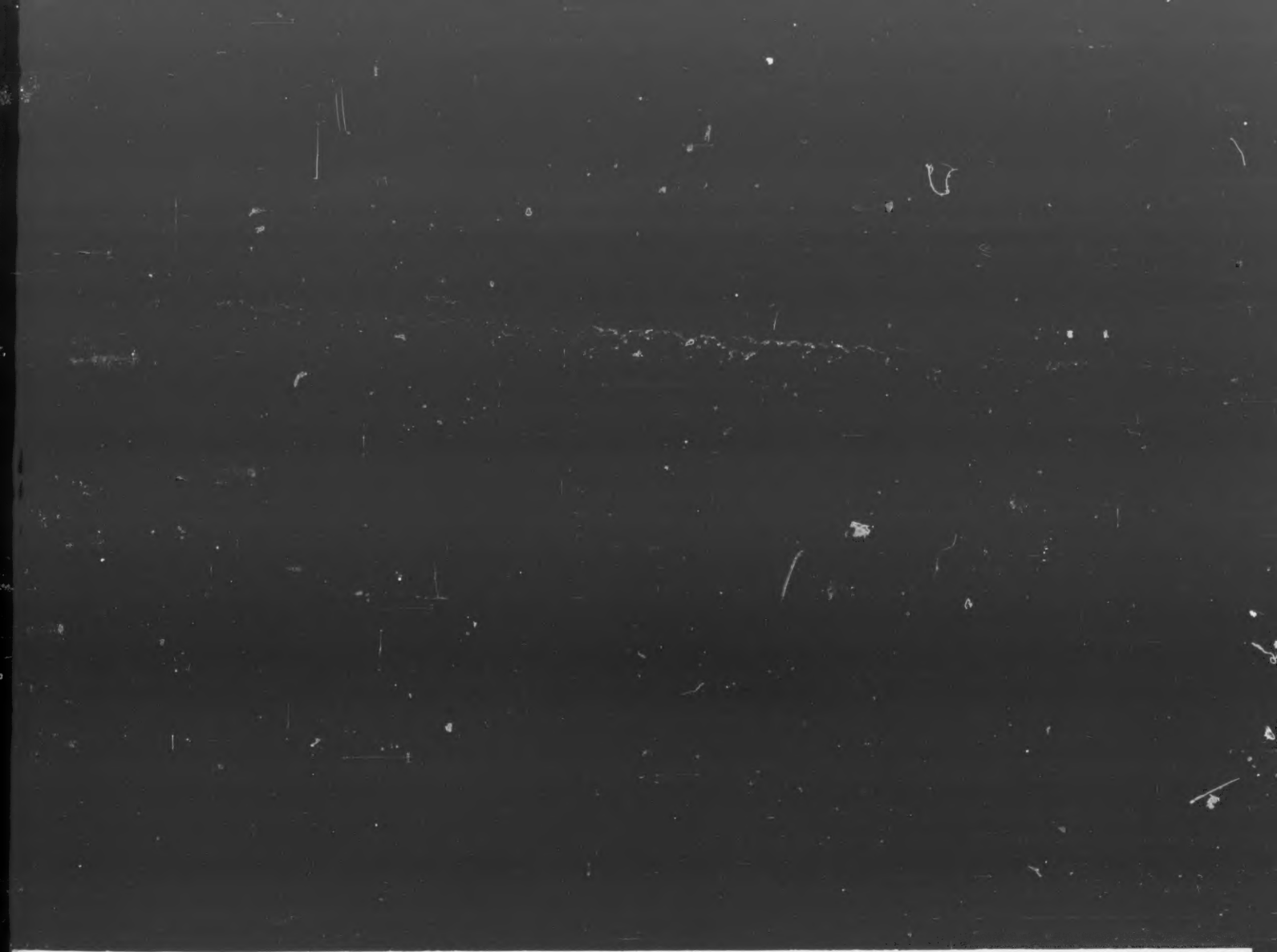
General Household Survey 1985 (see p 27). Office of Population Censuses and Surveys. HMSO, £10·70. ISBN 0 11 691214 6.

Social Security Statistics 1987. HMSO, £14·80. ISBN 0 11 761382 7.

On the State of the Public Health for the Year 1986. The annual report of the Chief Medical Officer of the Department of Health and Social Security surveys a large number of health matters and states that the evolution of the epidemic of infection with the AIDS virus and the increasing public awareness of the disease were the dominant issues of the year. HMSO, £9. ISBN 0 11 321127 9.

AIDS Control in Britain. COI, No 290/87.

Education Reform: The Government's Proposals for Schools. Department of Education and Science. Available free from Publications Despatch Centre, DES, Government Buildings, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

Restrictions on Employment of Young People and the Removal of Sex Discrimination in Legislation (see p 30). Available from Department of Employment, Caxton House, Tothill Street, London SW1H 9NF. £2.

Annual subscription including indices and postage £24
Dd 8844657 C10 JANUARY/1988
ISBN 0 11 701373 0 Vol. 18 No. 1
ISSN 0039—6214